

NEWS SUMMARY

GENERAL

Yard in race move on crime figures

Scotland Yard said victims of more than half of London's robbery and violent theft cases last year claimed the assailant was coloured.

In its first breakdown of figures into ethnic groups, it said the number of cases rose 24 per cent to 18,763. Of these, 10,399 were said to involve coloured assailants, against 4,867 whites.

Gilbert Kelland, assistant commissioner, crime, said the public and the media were demanding publication of race breakdown figures. Page 5

U.S. bans Libyan oil imports

President Reagan banned all U.S. imports of Libyan oil and acted to curb U.S. sales of high technology to Libya's oil and gas industry. The State Department accused Libyan leader Muammar Gadaffi of a "continuing pattern of activity violating international forms of behaviour."

Reagan visit move

Labour leader Michael Foot will meet Mrs Thatcher today to discuss his party's opposition to Britain's invitation to President Reagan to address a joint session of Parliament.

Norad 'faults'

A U.S. Congressional report said the North American nuclear attack warning system Norad had "severe and potentially catastrophic deficiencies." Its obsolete computers were prone to break down. Page 4

Trident verdict

The Cabinet is expected to approve today a plan to buy Trident 2 nuclear missiles from the U.S. to replace the Polaris system. Page 8

UDA men jailed

Three UDA men were jailed for life at Belfast Crown Court for murdering Irish Independence Party member John Turnley in 1980. Two of them denied the charge.

Amnesty post

American Janet Johnstone will be next director of Amnesty International's British section. The job had been offered to former Liberal leader Jeremy Thorpe.

Hijack trial opens

Forty-three alleged mercenaries who went on trial in South Africa denied hijacking an airliner after November's failed coup in the Seychelles. Charges against two others were dropped.

Nurse suspended

A nurse was suspended on full pay pending an investigation of his conduct when fire killed seven patients at a Surrey mental hospital in October.

Soldier dies

A soldier died after apparently being blown off a ridge in high winds on an endurance test in the Brecon Beacons.

Cave boy rescued

A boy aged 12 was rescued from a flooded Derbyshire cave after six hours trapped in an air pocket with water up to his knees.

Caught napping

A Naples military court gave 16 soldiers suspended sentences of between 10 and 18 months for sleeping through a Red Brigades raid on a barracks.

FINANCIAL TIMES

The Financial Times apologises to readers who did not receive a copy of the paper yesterday. This was due to production difficulties.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pounds unless otherwise indicated)		
RISES		
Exchequer 13/14c. ST	842 + 56	
From 14pc. ST	104 + 21	
Treas 23pc. IL	546 + 91	
Asses. Commis A	105 + 9	
BBP	402 + 6	
Fisher (A-1)	441 + 6	
Glynwood	114 + 5	
Harris Quicke	138 + 8	
Newport Ceramics	115 + 64	
Prime Charm	152 + 6	
Swiftp	52 + 5	
Marley	471 + 21	
Pillington	280 + 10	
SMC	344 + 7	
Schindler	340 + 7	
Sound	115 + 6	
Stewart	465 + 12	
Wimpey (G.)	109 + 4	
Lunaria	425 + 15	
Bydene	377 + 28	
FALLS		
Treas 3pc. 1986	572 - 11	
BAT Inds	195 + 10	
Barclays Bank	304 + 14	
Vaal Reefs	221 + 11	
APTS. ADVIS.		
Boeckh	226 - 9	
GEC	814 - 11	
GT Northern Il Tst	136 - 6	
ICI	324 - 3	
Imperial Group	87 - 10	
Lloyds Bank	225 - 15	
Shell Transport	228 - 8	
Anglo Amer Crp	145 - 10	
Anglo Am Inv Tst	256 - 31	
Management: local radio still struggling for advertising	18	

Now Government starts thinking about next year's Budget

Sharp cuts in public spending planned

BY MAX WILKINSON AND JOHN ELLIOTT

THE GOVERNMENT plans a sharp cut in public spending in real terms in 1983-84 during the run-up to the next election.

It became clear yesterday that Tuesday's Budget was not intended to lay the ground for a tax-cutting bonanza next March to sweeten the electorate.

Sir Geoffrey Howe, the Chancellor, and Mrs Thatcher believe Conservative chances of electoral success would be better if they continued to demonstrate financial responsibility.

Therefore, they have abandoned all practicable hope of achieving their manifesto pledge to reduce the standard rate of income tax to 25p during this Parliament.

Public spending projections given for the first time in cash terms in the financial statement and Budget report, show that the struggle between the Treasury and spending ministers is likely to be renewed vigorously this year.

Latest estimates implied in the report shows that efforts to cut public expenditure in real terms next year (1982-83) have been undermined.

It is now scheduled to rise by about 1 per cent, representing about £1bn of extra spending power. So, the Treasury is preparing for a tougher attempt to curb spending the following year.

The impact nationalised industries are having on government financial plans is illustrated by the fact that the amount of support they need for the next two years until

early 1984 is now estimated at £5.3bn compared with a broadly comparable estimate of only £3.9bn a year ago. A further £2.1bn is budgeted for 1984-85.

These estimates show how the Government has had to abandon its hopes of rapidly forcing the industries to cover capital requirements by internal financing.

The figures do not include further support for BAE and Rolls-Royce and some specific aid commitments which

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Mitterrand's budget problems, Back Page

together with other public sector industrial expenditure, has taken up half of the Industry Department's current £2bn budget.

Against the basic wishes of Ministers this £2bn budget grew during the year from £1.6bn but is now planned to drop back sharply to £1bn in 1983-84.

Total public spending for 1982-83 is scheduled to be £120bn, a cut of 2 per cent in real terms compared with the last 1982-83 figure.

This planned cut is not made explicit in the published figures, but it can be deduced from the fact that the £120bn total represents a 5 per cent increase on the previous year's cash total

compared with an assumption that inflation will be running at an annual 7 per cent during the period.

It is not yet clear whether this 2 per cent gap, representing some £2.4bn of spending power, would be absorbed by lower-than-average cost increases in the public sector or by cuts in programmes.

The estimate that public spending will rise in real terms next year compares with a belief that in December the agreed total represented a slight squeeze. The change reflects a lower inflation forecast—which makes the cash total worth more in real terms—and a slight underspend expected for 1981-82.

● Robin Pauley writes:

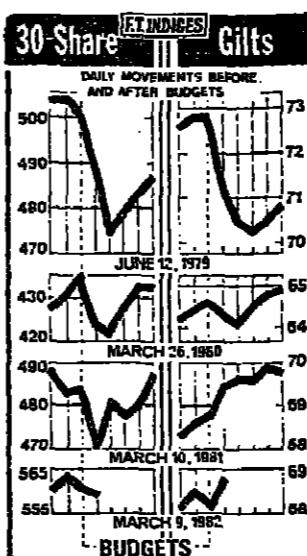
Although planned spending by central government alone, £84.13bn in 1982-83, is 8 per cent higher than the estimated outturn for the current year, it is 10 per cent above the outturn planned in last year's White Paper.

For local authorities, the 1982-83 planned spending level of £28.5bn is about 6 per cent more than the expected 1981-82 outturn but 10 per cent more than the outturn planned in the last White Paper.

This is mainly because of December's upwardly revised public spending plans which can now be seen as principally responsible for the growth in public spending planned for 1982-83.

Some of the December

Continued on Back Page



EUROPEAN NEWS

Poles again fall behind with debt payments

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

POLAND HAS once again fallen behind with debt service payments on securities issued in the Euromarkets, arousing fears that it could be called into default by an impatient private investor.

So far this year, Bank Handlowy, Poland's foreign trade bank, has failed to redeem a \$35m floating rate note that fell due in January and missed an interest payment on a \$30m floating rate note.

This is in contrast to its performance last year when, after some delays, it met all its debt service obligations on international securities issues.

Officials of Banque Nationale de Paris, which is agent for the \$30m note on which interest is now in arrears, said yesterday that the bank would be legally compelled to call Bank Handlowy into default if instructed to do so by any one individual note holder.

Agent for the \$35m floating rate note which remains unredeemed is American Express International Banking Corporation. Bank Handlowy is understood to have offered to pay off private holders of the notes but not banks who are expected to

Ireland promised tough budget

By Brendan Keenan in Dublin

THE IRISH budget, which will be introduced on March 23, will contain, for administrative reasons, many of the central provisions of the one which brought down Dr Garret Fitzgerald's Government in January.

However, Mr Charles Haughey, the new Prime Minister, is committed to several changes on taxation and will almost certainly give a boost to construction projects as a way of making a quick impact on unemployment.

Theoretically, commercial banks which hold some \$16bn in Polish loans would be entitled to follow up any formal default on a floating rate note issue by calling the country's whole foreign debt into default.

They would not be compelled to do so, however, and many bankers believe that the commercial banks would simply turn a blind eye to any formal default on a securities issue.

A more important aspect of the affair for the Euromarkets, they say, is that it underlines yet again the bitter and still unresolved dispute between investment banks and commercial banks over the appropriate means of treating bond issues of a country whose economic difficulties force it to ask for its debt to be rescheduled.

Mr Haughey plans an extra £5m (£16m) levy on the banks (making a total of £20m), a 1 per cent levy on the turnover of insurance companies, imposition of VAT on imports at point of entry and the bringing forward by three months of the payment date for corporation tax.

Mr Haughey also agreed, in his written agreement with Mr Tony Gregory, an independent TD (MP), to introduce a 5 per cent tax on derelict sites, rising by 1 per cent per annum.

The Government is also reported that an investigation has been opened into Mr Zygmunt Brodzik, from Siedlce, 80 miles east of Warsaw. He is suspected of "collecting and keeping at his home explosive materials and detonators."

Other offences mentioned in the report include the by now customary production of leaflets.

But Mr Edward Antonczyk, an intern, is being investigated for "preparing a document containing false information," in all probability a complaint about the conditions in which he is being detained.

This is the first time the authorities have publicised a case of this kind against an intern.

Meanwhile, the trial continued yesterday of Mr Patrycijusz Kosmowski, the head of the solidarity union movement in the southern region of Bialo Biala.

Nine arrested for shooting of policeman in Warsaw

BY CHRISTOPHER BOBINSKI IN WARSAW

THE POLISH authorities have revealed that nine people have been arrested in connection with the shooting of a policeman on a Warsaw tram last month.

The arrests come as a weekly report issued by the military prosecutor's office suggests that weapons and explosives are beginning to find their way into the hands of the population. The authorities describe the nine people as a "terrorist group" and say they have found another pistol belonging to them.

Fr Sylwester Zych, a Roman Catholic priest, has also been arrested in connection with the case. It is alleged that the murder weapon was found in the attic of the house where he lives.

The military prosecutor's report, published in *Zolnierz Wolnosci*, the army daily newspaper, says that an employee at the bus depot in Nowy Dwor Mazowiecki, 25 miles north of Warsaw, has been sentenced to three years in prison for "illegal possession of a pistol and ammunition." He is said to have stolen the gun from an army officer.

Institute warns sanctions aid East bloc hardliners

BY LESLIE COLITT IN BERLIN

WEST GERMANY'S leading economic institute, analysing Comecon economies, has warned that Western economic sanctions against Moscow and Warsaw threaten to play into the hands of hard-line Communist functionaries who have long opposed trade with the West.

The German Institute of Economic Research (DIW) in West Berlin said economic sanctions imposed by the U.S. and Western Europe against the Soviet Union and Poland — have made trade with the West a "greater risk" for the Communist countries.

This could strengthen the positions of those officials who "have always opposed" increased trade and economic co-operation with the West. It would represent a victory for the hardliners who tried to achieve "autarchy within Comecon" and were overruled in the 1970s.

Some Polish officials have suggested recently that Warsaw's trade orientation should be shifted firmly back to Comecon. However, it was unclear whether this reflected a serious alternative for the Polish leadership or was a signal to the West that its

economic sanctions were driving Poland deeper into the Soviet fold.

DIW said Western trade restrictions against Comecon would mainly affect living standards in the Warsaw Pact countries. The most seriously hurt, it believed, would be the small East European countries whose per capita trade with the West is two and a half times as great as that of the Soviet Union.

Experience showed, the institute noted, that Communist leaders react to public dissatisfaction which results from bad economic conditions "with a tougher internal policy and possibly also a tougher foreign policy."

These should be the prime considerations when Western countries decide whether to impose economic sanctions against Comecon countries, it said. The institute explained that although West Germany would be affected by imposing sanctions, the purely economic price would be negligible.

Last year the number of West Germans whose jobs depended on exports to Comecon dropped to about 100,000.

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London - Budapest
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Depart 1035 hrs. Arrive 1605 hrs.

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IF IT proceeds at its present rate, the trial in Istanbul of the leaders of Disk, the left-wing Confederation of Revolutionary Workers' Unions is likely to become the most protracted in Turkish history.

Already, the case is 17 months old, dating back to the time of the army coup of September 1980.

It took Colonel Suleyman Taksici, the feared chief martial law prosecutor of Istanbul, 15 months to prepare his indictment against Disk. He produced an 810-page document, printed in the form of a book, which is one of the longest in Turkish judiciary history and arguably one of the most boring. In it, the colonel demanded the death sentence for all 52 Disk leaders, including Mr Abdullah Basturk, its chairman. He charged them with running a "Maoist-Leninist" illegal revolutionary organisation which conspired to set up the dictatorship of the Party of Turkey.

In the event, the trial has developed into a test case for Europe of the regime's treatment of its ideological and other non-violent opponents. The trial's handling by the military has contributed to the head of steam which has built up against the regime in the Council of Europe: there are continuing demands that Turkey should be brought before the European Commission of Human Rights. Bodies such as the Brussels-based International Confederation of Free Trade Unions and the European

GEN. ARMADA FUELS 'ROYAL BACKING' ARGUMENT

Spanish coup trial tests King's credibility

BY TOM BURNS IN MADRID

GENERAL Alfonso Armada, Marquis of Santa Cruz de Rivadulla, godson of King Alfonso XIII and for 13 years private secretary to Alfonso's grandson King Juan Carlos, uses every opportunity to emphasise his lifelong monarchist convictions.

For the lawyers of General Armada's co-defendants in the Madrid court martial of the officers indicated after last year's failed military coup, those convictions are a lifeline of their defence strategy that the King, at least tacitly, "backed the coup."

How far King Juan Carlos' credibility will remain unscathed by the daily allegations that the accused were following "royal orders" is an open question, but if it does, it will not be for want of trying on the part of the defence lawyers. The accused and the block of extreme right-wing opinion. A favorite wall slogan in Madrid's smart Salamanca Barrio is "Juan Carlos testifies."

Gen. Ray McSharry, the Finance Minister, said everyone knew the budget would have to be tough. It may be assumed, therefore, that increases in indirect taxes will go ahead. These include 4p a pint extra on beer, 11p on 20 cigarettes and 14p on a gallon of petrol.

The inclusion of clothing and footwear among items subject to VAT rate of 18 per cent and cuts in food subsidies will not go ahead. Dr Fitzgerald had also agreed to remove these controversial measures if re-elected.

For the business community,

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BY JOHN WYLES IN STRASBOURG

AN ATTEMPT by the European Parliament to ban the import of seal skins appears to have struck such a rich seam of popular feeling that a member of the Canadian Government said in Strasbourg yesterday that the EEC's fishing agreement with Canada may be jeopardised.

For Mr Haughey, the problem may not be so much keeping this year's current budget deficit around the target of £1750m (£625m) but maintaining his predecessor's four-year programme to eliminate it entirely.

Former EEC Commissioner, Mr Michael O'Kenna, has revealed that he was offered the post of Attorney General, but refused on the grounds that his legal experience was insufficient.

The new Attorney General is senior counsel, Mr Patrick Connolly, who was one of the defence lawyers when Mr Haughey was acquitted in the famous arms trial of 1970.

The differences between Mr Haughey and Mr George Colley, his former deputy, are likely to continue after the latter's claim that an offer of the post of Deputy Prime Minister was withdrawn because of "Mr Colley's recent activity within the party."

But only—if the Council of Ministers adopts the proposed common electoral system endorsed by the European Parliament in Strasbourg yesterday. Few

British members see Mrs Margaret Thatcher, the British

Prime Minister, embracing the

last Labour Government

failed to get through the British

parliament as the basis of the

election of Britain's MEPs in

1979.

Under the Parliament's plan, each member state should divide its constituencies into multi-member constituencies with a minimum of three and a maximum of 15 representatives. Electors would vote for one candidate and the seats would first be shared out at national level according to the total number of votes secured by each party's list of candidates.

Ironically, however, the system adopted yesterday resembles the proposals which

He was informed that he could not leave the country because, "at the orders of the martial law authority, the Ankara martial law command is carrying out an investigation into the executives and members of the Republican People's Party."

Mr Ecevit was told of the investigation only yesterday when his request for a passport was turned down by the martial law authorities.

The 56-year-old Social Democrat

was planning to accept an invitation by Wake Forest

University in Winston-Salem, North Carolina.

Arguably, Disk's politically



General Armada (left) and General Milans del Bosch (right) conflicting testimony over the role of King Juan Carlos (centre).

fellow defendant, and together they conspired to create "a power vacuum" that would lead to the formation of a government more aligned with the King's wishes.

This is the guts of Gen Armada's testimony and defence, and it is a flagrant contradiction to Gen Armada's continued denial that he discussed King Juan Carlos' opinions or that he took part in any conspiracy.

Gen. Armada, 62, is the lynching pin of the royal involvement scenario. According to the prosecution case, and to the testimony over the last week, he claimed he was privy to the royal concern that Spain was heading in the winter of 1980, towards serious instability.

Gen. Armada denies such royal confidences. According to the prosecution and to testimony, Gen. Armada shared the alleged royal concern with Gen. Jaime Milans del Bosch, his defence lawyer closely

examined. General Armada on relatives of the accused.

The question reflected the deeply rooted conviction among the extreme Right that Gen Armada is covering up for the King, and that the King had backed the conspiracy only to withdraw his support once the coup attempt began.

Gen. Milans del Bosch under cross-examination virtually said as much. His defence questioned him on the *Telex* he had received from King Juan Carlos ordering him to lift the martial law imposed on the city of Valencia which he commanded at the time of the coup.

"What did you understand by 'the King's reference in the *Telex* to his having taken a stand in the trial?" the lawyer asked. "What did you understand by the King's reference in the *Telex* to his having taken a stand in the trial?" the lawyer asked.

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It was to these that King Juan Carlos referred in a keynote speech to the Spanish military early in January when he stated: "I have not tried to defend myself against what deserves only profound contempt and I will not climb down to what is false and slanderous."

The court martial is nevertheless proving the ideal platform to whip up the campaign. Relentlessly the *Alcazar* newspaper, owned by the Francoist war veterans' association, headlines the trial proceedings with the repeated claim that the accused were "following the King's orders" and that they were "loyal to Juan Carlos. With the trial

expected to last at least until Easter, the attempt to smear the King is still in its beginnings but everything indicates it will gather pace.

Victory for Schmidt on arms sales

By James Buchan in Bonn

THE GOVERNMENT of Chancellor Helmut Schmidt has gained a victory in its battle to retain a flexible arms export policy, with the agreement this week of the coalition parliamentary parties to the principle of arms sales outside Nato.

However, it has had to sacrifice the specific and controversial arms deals which helped launch the party's demands for new export guidelines over a year ago. The Government concedes that the proposal to deliver the Leopard-II tank to Saudi Arabia is dead and that "alternatives" must be sought in the proposed sale of sub-marines to Chile.

At a meeting in Bonn on Tuesday evening, the parliamentary parties of the Social Democrats and Free Democrats agreed that the basic restriction of arms exports to Nato nations and like-minded democratic "vital" national security crises could be lifted in cases.

No amount of stress on the democratic fairness of the FR system removed the fact that it seems more complicated than the current British arrangements. It would be bound, however, to change the numerical balance of party representation in the Parliament, and indeed, the total number of seats due to each party was divined, they would then be allocated

OVERSEAS NEWS

Opinions

High-powered Soviet defence team for India

By K. K. SHARMA IN NEW DELHI

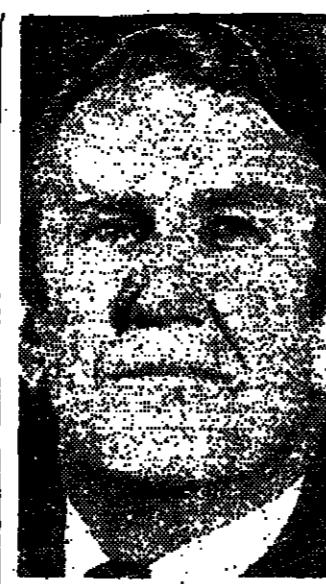
MR DIMITRI USTINOV, the Soviet Defence Minister, is to lead a high-powered military delegation travelling with Mr Ustinov, a senior member of the Soviet Politburo, will include the chiefs of the Russian navy and air force and the deputy army chief.

A number of senior Soviet generals are also expected to join the delegation, which begins its visit in the wake of a deterioration in India's relations with Pakistan and reports of intensified fighting between Soviet occupying troops and rebels in Afghanistan.

The Indian Government has not announced the Soviet delegation's visit. New Delhi is likely to want to keep it low key because of the repercussions of the visit of such a high-level Soviet defence mission could have on relations with Pakistan and the U.S.

India and the Soviet Union signed a 15-year friendship treaty in 1971 under which co-operation between them in economic and defence areas has increased significantly. India has acquired considerable military hardware from Russia since then, including sophisticated weaponry like MIG-21s, MIG-23s and the MIG-25, in addition to tanks, missiles and electronic equipment. A \$1bn arms supply deal was signed in 1979 for modernisation of the Indian army.

It is thought that the Indian



Mr Fraser

Fraser's popularity plummets

By Patricia Newby in Canberra

THE POPULARITY of Mr Malcolm Fraser, Australia's Prime Minister, has slumped by 5 per cent on the eve of a crucial Federal by-election in Sydney.

According to the results of a Gallup poll published yesterday, Mr Fraser's personal popularity was 32 per cent while that of Mr Bill Hayden, the Labor opposition leader was 40 per cent.

The by-election, on Saturday, will be a test not only for Australia's two major political groups, but for their leaders.

Mr Fraser, already beleaguered by bad economic news and a disgruntled backbench, could be challenged for the Liberal Party leadership by a former ministerial colleague, Mr Andrew Peacock, if the Liberals lose both the by-election and the Victorian State elections on April 3.

If, on the other hand, Labor fails to win the two elections or does not win a convincingly large swing away from the Government, Mr Hayden may be challenged for the party leadership by Mr Bob Hawke, the popular former president of the Australian Council of Trade Unions.

The Sydney seat of Lowe has been held for 33 years by the Liberals, and has become vacant by the retirement of Sir William McMahon, a former Prime Minister. Sir William's dissatisfaction with the Fraser style of government was a major reason for his retirement.

Because of a change in the population structure, Lowe is now marginal. Sir William held it only narrowly at the 1980 election.

The Liberal's chances of retaining the seat have receded with recent ill-timed remarks from Sir Phillip Lynch, the party's deputy leader. He said the Government was considering a means test on pensions and while Mr Fraser has since written to every pensioner in Lowe saying such a change was not being contemplated, many pundits believe the damage has been done.

Although the Liberals expect to lose Lowe, they are hoping to keep the swing to under 5 per cent. Given the normal "protest" vote at by-elections, this would leave Labor unable to claim a major victory. Labor itself is looking to a swing of at least 7 to 10 per cent in Lowe, followed by a convincing win in Victoria on April 3.

Opinion polls indicate that Labor will win both elections, but if Mr Fraser can confound the polls and take the elections, he may be tempted to call a double dissolution of both Houses of Federal Parliament later this year, in the hope of regaining the Senate where the Australian Democrats hold the balance of power.

Air Force commander in Damascus for talks

By NISAN HIZAJI IN BEIRUT

A VISIT to Damascus by Marshal Pavel Kutchakov, the commander of the Soviet Air Force and Deputy Defence Minister, has strengthened speculation that Moscow may have grown more responsive to Syria's demands for new military equipment.

The state-controlled Syrian news agency, Sana, said Marshal Kutchakov met General Mustafa Tlas, the Syrian Defence Minister, and Air Vice Marshal Sobhi Haddad, the Air Force commander, on Tuesday.

Gen Tlas visited Moscow last November and the Syrian Government increased pressure for more sophisticated Soviet-made weapons after Israel's annexation of the occupied

Inscrutable approach to future of Hong Kong

By TONY WALKER IN PEKING

MR JOHN BREMIDGE, Hong Kong's Financial Secretary, now on a visit to China, chose a quaint metaphor to describe the continuing Chinese commitment to the prosperity of the British colony. Asked at a Press conference in Peking yesterday how long China would maintain its commitment to Hong Kong's prosperity, Mr Bremidge replied: "As long as a piece of string."

Mr Bremidge studiously avoided direct questions about the future of the colony, except to say that his discussions with Chinese officials in Peking this week "confirm my belief that Hong Kong has a very important role to play in the development of the Chinese economy.

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Jordan cracks down on West Bank villages

By DAVID LENNON IN TEL AVIV

ISRAEL'S attempt to create a pro-Israeli Palestinian leadership on the occupied West Bank is being seriously threatened by a Jordanian warning that any West Bankers who join Israeli-sponsored organisations will face treason charges which can carry the death penalty.

Israel has recently been offering money, influence and weapons to any Palestinians willing to establish and join associations of villages in various areas. Jerusalem is hoping to create an alternative leadership to the elected mayors of the main towns who are all outspoken nationalists. Many of them support the Pales-

tine Liberation Organisation (PLO).

Though the leaders of the village leagues deny that their movement is political, most West Bankers believe that Israel is hoping eventually to persuade these people to agree to the Israeli version of autonomy for the region. Autonomy has been completely rejected by the mayors as a device for legitimising Israel's occupation.

Apparently alarmed by the growing strength of the village league movement, Jordan issued a military order on Tuesday giving West Bankers one month to dissociate themselves from the league or face charges of treason. "The penalty will

range from death sentences to confiscation of property," proclaimed the order issued by Mr Mudar Badran, the Jordanian Premier and Defence Minister.

The West Bank was controlled by Jordan until the Israeli occupation in 1967 and the 700,000 Palestinians living there still retain Jordanian citizenship. Many West Bankers have homes, property and investment in Jordan and those who worked for the Amman Government before the occupation are still paid salaries by Jordan.

There are now six village leagues, five of which have sprung up in the last four months following Israeli development aid and travel and trade permits.

The municipalities' aid has at the same time been blocked and their requests for permits refused.

After the leader of the Ramallah village league was assassinated last November the Israeli authorities have also

yesterday that he would be appealing to Amman against the new order, which he described as Jordanian "terrorism" against the West Bank population "which knows where its interests lie."

Meanwhile there were widespread disturbances throughout the West Bank yesterday, which has been the scene of anti-Israel and anti-Frenchie protests since the visit to Jerusalem last week by President Francois Mitterrand of France. Israeli soldiers shot and wounded a schoolboy while dispersing demonstrators in Nablus yesterday, the fourth Palestinian youth shot by Israeli troops in the past week.

Israel hopes for nuclear power station by 1990

By OUR TEL AVIV CORRESPONDENT

ISRAEL HOPES to have its first nuclear power station operating by the end of the decade if it can find a country willing to supply the equipment.

The decision to ask France to supply a nuclear reactor is clear evidence that Israel's efforts to find a supplier have met with little success so far. Jerusalem has refused to sign the Nuclear Non-proliferation Treaty, thus causing concern that it might use nuclear materials to make a bomb.

In 1977 Israel signed a letter of intent with the U.S.

company Westinghouse for the purchase of two 950 MW nuclear generators, but the deal was vetoed by then President Jimmy Carter.

The Israeli Ministry of Energy says that negotiations are going ahead with the U.S. Government over lifting the ban, but American diplomats in Tel Aviv regard this as unlikely.

The American President would have to certify that safeguards other than agreement to sign the treaty were in force as a first step towards lifting the ban. Even then,

there is considerable doubt that the U.S. Congress would accept this, given that Israel is generally believed to have already developed nuclear weapons, using the two nuclear research plants it received from the French over 20 years ago.

GEC of Britain, which is one of the largest suppliers of nuclear technology and equipment to the Middle East, is believed to have been approached by Israeli officials.

Nothing has come of this, some say because the British Government objects to

Israel's position on the non-proliferation treaty and others because the company does not want to risk being placed on the Arab black list.

Israeli studies of the most suitable type of nuclear power generating stations have tended to opt for the Candu system of Canada, which uses heavy water and unenriched uranium. One advantage of this system is that Israel could produce the unenriched uranium locally as a byproduct of phosphate production from the Negev deposits.

However, the Canadians have made it abundantly clear that they will not sell the Candu system to Israel. After India used a Canadian reactor to develop its own atom bomb, Ottawa has been doubly careful about transferring its knowledge and equipment to countries which will not sign the non-proliferation pact.

Despite these problems,

Israel hopes that within two or three years it will have signed an agreement for the purchase of nuclear power plants.

THE KENYAN economy, once the showpiece of Africa, is facing continuing pressure on its balance of payments and foreign reserves, in spite of a slight improvement in its trade deficit.

This is the conclusion of the latest quarterly review from the Ministry of Economic Planning, which covers the first nine months of 1981. However, the review forecasts 4 per cent real

growth in the economy in 1982—although that will barely keep pace with the country's soaring 3.9 per cent population growth rate.

The heavy cost of energy imports and weak markets for Kenya's major commodity exports—coffee and tea—have resulted in persistent current account deficits for the past four years, and reduced the level of foreign reserves to £165m by

the end of 1981: cover for some two-and-a-half month's imports. The Kenyan shilling was twice devalued during the year—by 5 per cent in February and 15 per cent in September.

Although overall agricultural performance in 1981 was indifferent, there was a significant recovery in maize production, enabling the country to cut back on maize imports, which had been an important

factor in the trade deficit. The review notes that there was "some improvement" in the economy compared with the poor record in 1980, but output of the two main exports, tea (90,941 tonnes) and coffee (89,738 tonnes) were "stagnant." Lower world prices saw export earnings from coffee in the nine-month period fall 5.5 per cent compared to the same period in 1980.

External trade figures for the nine months reflect government import restrictions. The value of imports fell from £696m to £636m, while exports rose 5 per cent to £404m, of which coffee and tea accounted for £115m and £63m respectively.

The trade deficit fell nearly

10 per cent from £311m in January-September 1980 to £282m in the same period last year.

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Caracas 'offers secret oil discounts'

BY KIM FUJI IN CARACAS

VENEZUELA'S Government has been accused of offering secret discounts to purchasers of light and medium crude oil. The accusation was made during a parliamentary debate in Caracas on the world oil glut which has forced Venezuela to lower petroleum prices and exports.

Dr Arturo Hernandez Grisanti, oil expert of the leading opposition party, Action Democratic, said that Venezuela was offering \$2.50 per barrel discounts to

place light and medium crudes. He said the discounts were being held in escrow accounts in offshore banks to be disbursed as soon as the Organisation of Petroleum Exporting Countries officially lowered the price of its market crude.

Dr Hernandez Grisanti accused the Government of mishandling Venezuelan oil exports. He said the decline in petroleum revenues due to lower prices and export levels could be twice as high as official estimates of

around \$2.2bn (£1.2bn). Sr Humerto Calderon Berti, Energy Minister, said that the previous Action Democratic administration had given similar discounts in 1978 and 1979 to sell crude due to marketing problems.

Oil industry officials indicated yesterday that Venezuela was now accepting requests from purchasers of its crude to extend payment periods, which represents indirect discounts of official price levels.

According to the most

recent official figures Venezuelan oil production is running under 1.8m barrels a day or 400,000 b/d less than the 1982 output goal of 2.2m b/d. Exports are a little over 1.5m b/d, 250,000 b/d below the 1982 goal.

Sr Calderon Berti said in a television interview this week that a 100,000 b/d decline in exports represented a \$1.1bn decline in oil income while a \$1 per barrel cut in the average crude price would lower income by \$700m.

Norad 'beset by faults'

By Reginald Dale in Washington

THE NORTH American nuclear attack warning system (Norad) is beset by "severe and potentially catastrophic" deficiencies, a U.S. congressional report said yesterday.

The House of Representatives Government Operations Committee said that false alarms of a Soviet nuclear attack, which occurred three times in 1979 and 1980, could be given again by obsolete computers, despite encouraging steps taken to correct the immediate causes of past defects.

The computers are also vulnerable to breakdown during which no warning could be given in the event of a real attack. The committee's report blamed bureaucratic foot-dragging by the Joint Chiefs of Staff and the air force said Pentagon promised to improve the system had remained largely unfilled.

The report concluded that the failure to correct the problems "will undermine any chance that an effective attack warning or command and communications system can be installed by 1990."

The committee said it doubted the ability of the Department of Defence "to provide this country with a timely, effective missile warning system."

The report said that the computer system, besides being obsolete, is mismanaged and cannot cope with the stress under which it is placed on a daily basis. The committee urged that the computers be replaced with much more modern equipment.

GM-union talks about to resume

By Paul Betts in New York

GENERAL MOTORS, the largest U.S. car-maker, and the United Auto Workers are expected to resume emergency negotiations on a new GM labour contract tomorrow.

The UAW said yesterday it had agreed to resume talks if the union's 290 member GM council voted in favour of returning to the bargaining table today.

GM and the UAW broke off negotiations on a new labour agreement at the end of January largely because the union's rank and file felt the car-maker was offering inadequate terms in return for union wage and benefit concessions.

But since the collapse of the GM contract negotiations, there has been a dramatic change of sentiment among GM workers. This follows the recent landmark labour settlement between the Ford company and the UAW and widespread lay-offs announced by GM after its labour talks broke down.

GM is not expected to bring back to the negotiating table its novel proposal to pass on any concessions made by the unions directly to the price of its cars.

The UAW had asked GM to open the company accounts and books to the union. The UAW is seeking to obtain job security guarantees for its members similar to those granted by Ford in its recent settlement.

Nicaragua denounces U.S. claims

BY ANATOLE KALETSKY IN WASHINGTON

THE CRISIS in U.S. relations with Central America intensified yesterday as the Nicaraguan Government flatly denied U.S. claims that Soviet military advisers were assisting in a "massive build-up of armed forces" which goes "vastly beyond any defensive need."

The Nicaraguans justified the expansion of their army by the constant threats which the Reagan Administration is making against their country.

In Washington, President Reagan was reported yesterday to have authorised a covert operation to destabilise the Nicaraguan Government. Quoting "informed Administration officials," the Washington Post said that President Reagan had approved a plan by the Central Intelligence Agency to spend \$19m (£10.5m) to recruit a 500-man paramilitary force, which would be supplemented by about 1,000 Latin American commandos, some of whom were allegedly being trained in Argentina.

The force would attack military and economic targets in Nicaragua with a view to disrupting the economy and slowing

the flow of arms from Nicaragua to El Salvador.

The State Department refused on principle to confirm or deny the report.

The Nicaraguan Ambassador in Washington said that the U.S. claim of 6,050 Cuban and 50 to 70 Soviet officers operating in Nicaragua was totally false. "We don't have any Soviet military advisers and we don't have more than a dozen Cuban military advisers," he said.

United Nations diplomats in New York reported that the Nicaraguan Government had warned the U.S. Secretary General that the U.S. might be preparing an attack on their country.

In the Nicaraguan capital, Managua, a British Conservative MP, Sir Anthony Kershaw, told reporters that Britain might increase its aid to Nicaragua's Government. He said a deeper British understanding of Central America could result in "a greater support" by Great Britain of the Nicaraguan reconstruction programmes.

U.S. aid to Nicaragua has been suspended. Sir Anthony said his British

parliamentary delegation would go to El Salvador today in the last stop of a regional tour that included Cuba.

Jimmy Burns adds from Buenos Aires: Argentina is reported to be willing to provide El Salvador with ground attack aircraft, ammunition and rifles.

According to military officials, details of Argentine military assistance were discussed during a recent visit by El Salvador's chief of staff, Col Rafael Flores Lima.

Col Lima spent most of his five-day trip visiting small arms and ammunitions factories. The military assistance being discussed is believed to include the supply of FAL rifles manufactured under Belgian licence and Pucra ground attack aeroplanes.

The prospect of Argentina's playing a greater role in Central America was referred to recently by Gen Jose Antonio Vaquero, the army chief-of-staff.

"Argentina understands and values the struggle of the Salvadoran armed forces and will provide assistance as much as possible," he said.

Argentina risks N-rift with U.S.

BY JIMMY BURNS IN BUENOS AIRES

ARGENTINA IS risking a "utterly false" that his country was using nuclear fuel for the construction of atomic explosives. Their "usefulness for peaceful purposes" had not been demonstrated yet.

In an interview with the national news agency, Noticias Argentinas, Admiral Carlos Castro Madero, head of Argentina's Atomic Energy Commission, said: "We cannot let our hands (by relinquishing the right to build nuclear weapons) once their usefulness is demonstrated."

But Admiral Madero added on Tuesday night that it was

close to being able to make its own nuclear weapons.

Argentina's nuclear ambitions were confirmed recently by Admiral Madero in a speech to the Atomic Industrial Forum of Japan in Tokyo.

Argentina emerged as the leading nuclear power in Latin America when it opened its first commercial heavy water reactor in 1974. A second heavy water reactor with a capacity of 600 Mw is under construction near Cordoba and a third is planned.

Guatemalan protest thwarted

BY OUR LATIN AMERICA CORRESPONDENT

THE THREE civilian aspirants to the Guatemalan presidency have lost their bid to challenge Sunda's allegedly fraudulent victory by General Anibal Guevara, the nominee of Gen Romeo Lucas, the present Head of State.

The three citizens, whose politics range from right-of-centre to extreme conservative, were arrested briefly on Tuesday night as they and some supporters marched on the National Palace in Guatemala City. They were alleging ballot rigging in the poll which

attracted only 40 per cent of the country's electorate. Gen Guevara is expected to take office in July.

Gen Guevara's rights, however, are very shaky: they are unlikely to be challenged by the courts. An estimated 3,500 people were killed in political violence last year, the majority of them victims of Government forces or right-wing vigilantes controlled by the Government.

The West German Christian Democrats, who have been backing the Christian Democratic

candidate, Sr Alejandro Maldonado, have protested against what they called Gen Lucas' attempts to falsify the results. The West Germans claim that Sr Maldonado achieved the leading position with 36 per cent of votes counted.

The Bonn party's protest is significant because of the strong trade links between West Germany and Guatemala and the large number of descendants of German families who occupy important positions in Guatemalan life.

Gen Guevara: 

will become more competitive. Bankers say they do not believe the Bank of Mexico has enough reserves at the moment to sustain a much lower rate. The Central Bank has been silent about the size of its international reserves other than to announce that they totalled a record \$10.7bn at the end of 1981.

But it is well known that they were seriously eroded in the six weeks before the peso was floated by massive outflows of capital.

The Central Bank is officially

still not intervening on foreign exchange markets and says that it will not do so until the peso stabilises.

But bankers say that Nacional Financiera, the state development bank, has been used on two occasions to push up the exchange rate by buying the peso.

The Government yesterday announced further measures to stabilise the economy. Companies which have been hit hard by the peso's fall will be able to claim up to 42 per cent of their foreign exchange losses through tax relief.

Mexico holding to realistic exchange rate

BY WILLIAM CHISLETT IN MEXICO CITY

THE BANK of Mexico is determined to maintain a realistic exchange rate to prevent the peso from becoming overvalued again, according to bankers who have been briefed by the central bank.

The currency has depreciated 42 per cent since it was allowed to float freely against the dollar three weeks ago. The peso is currently trading at about 45-46 to the dollar.

Senior Mexican bankers

reckon that the peso is now slightly undervalued, and ought to stand at about 38-40 pesos

to the dollar. They say they are convinced that the Central Bank wants to keep a margin to compensate for the difference between Mexican and U.S. inflation rates. The inflation rate could be 50 per cent in Mexico this year and in single figures in the U.S.

By maintaining a high exchange rate, it is argued, capital outflows will be reduced. The drain on the tourism account caused by the massive increase in Mexican spending on holidays abroad will be lessened and non-oil exports

will become more competitive.

Bankers say they do not believe the Bank of Mexico has enough reserves at the moment to sustain a much lower rate. The Central Bank has been silent about the size of its international reserves other than to announce that they totalled a record \$10.7bn at the end of 1981.

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But bankers say that

UK NEWS

Ministry in counter-attack over timetable for frigate

BY BRIDGET SLOOM, DEFENCE CORRESPONDENT

THE TIME it will take to build and commission Britain's next major warship has led to a clash between the Ministry of Defence and British Shipbuilders.

The Defence Ministry believes the Type 23 frigate, which is being designed for anti-submarine warfare in the north Atlantic, cannot enter service with the Royal Navy before 1988.

Vice Admiral Sir Lindsay Bryson, Controller of the Navy, publicly disagreed yesterday with Mr Robert Atkinson, chairman of British Shipbuilders, who had earlier given evidence to the Commons Select Committee on Defence.

Admiral Bryson told the committee he "did not believe" Mr Atkinson's contention that

the frigate could be built and commissioned by 1986.

The ministry and the state-owned British Shipbuilders are at odds over the process by which the ministry spends £60m a year on military equipment. This so-called procurement process is the subject of the Defence Committee's

essential that the warship, which is intended to cost £60m to £70m against current frigate costs of some £125m, be designed in great detail so that it could be built under a fixed-price contract. This was the only sure way of safeguarding taxpayers' interests.

Specifications for the Type 23 should be ready by the summer, while it would take another year to finalise detailed designs. The frigate, the first of some 16 planned ships, would be commissioned by 1988 "at the earliest," Admiral Bryson said.

This timetable could only be changed by "cutting corners" and "taking risks," which it was not the habit of the ministry to do, he added.

However, Admiral Bryson said yesterday that it was

Grylls urges warship yard sale

FINANCIAL TIMES REPORTER

THE ANNOUNCEMENT of redundancies at Vosper Thornycroft, the leading British warship builder, has rekindled pressure for the Government to privatise warship yards.

Mr Michael Grylls, chairman of the Tory Backbench Industry Committee, said yesterday he would be making a new Commons call over the next few days for the disposal of the yards — by far the most profitable subsidiaries within state-run British Shipbuilders.

"The question people will be asking themselves after hearing about Vosper is why British yards have been so totally un-

successful in getting warship orders over the past four years when there have been some £2bn worth of orders placed around the world," he said.

Vosper, which made pretax profits of £24m in 1980-81, and paid a £43m dividend to British Shipbuilders in the same year, is to cut its 5,600-strong workforce by about 10 per cent this year. It last won an export order in January 1981, but that was only for two patrol boats.

Mr Grylls, MP for North-west Surrey, is a director of Vosper Ltd, the private company which is seeking extra compensation from the Government for assets

lost during shipbuilding nationalisation of 1977. He believes the warship builder would be more successful in winning export orders if it controlled its own investment.

He says the handing over of the dividend last year amounted to asset stripping and was a material cause of the company's problems.

Vosper has refused to comment on the dividend issue, but it claims its export performance in recent years has been badly affected by growing competition from abroad, the world recession and government credit restrictions to customers.

Call for cut in ships' crew costs

BY ANDREW FISHER, SHIPPING CORRESPONDENT

THE British merchant fleet must cut its crew costs without weakening maintenance, safety and job satisfaction if it is to meet the challenge from the Far East, Sir Frederic Bolton, president of the International Shipping Federation, said yesterday.

"Most of the rest of Europe and Japan are moving faster than we are — both in regard to work organisation and manning rationalisation," he told a seminar organised by the Honourable Company of Master Mariners and the Nautical Institute.

His remarks were made against the background of a steadily declining UK merchant fleet at a time when shipowners are becoming increasingly aware of the need to match the lower crew levels achieved abroad.

Scandinavian fleets have made far more progress in operating with smaller crews on redesigned ships, and West Germany is also experimenting with reduced manning levels.

Sir Frederic said fundamental changes in the organisation of work, manning and division of responsibilities on ship must

be a slow and considered process.

"All the countries which have made positive progress have been working at it for 10 years or more," he added. "The simple question must be: Is there any way in which Western operated, Western manned ships can be organised so as to compete?"

One lesson that emerged from a meeting of 14 federations countries in London last week, he said, was that all parties had to be brought into the consultative process, including particularly the masters and seafarers.

The number of crimes cleared up, or solved, was the lowest in at least 10 years,

At least another 5,000 police were in London to combat the "horrifying" increase in violent crime, Mr Jim Jardine, Police Federation chairman, said yesterday.

Lambeth had the highest total of 2,493 cases, up 28 per cent over 1980, with 1,988 coloured assailants and 327 white attackers, 72 assaults by a mixed gang and 106 not known.

The biggest percentage increase over 1980, of 57 per cent to 1,376 cases, was in Lewisham and Bromley, where there were 239 white attackers, 901 coloured, 55 mixed gang and 131 not known.

Although robbery and other violent thefts account for only 3 per cent of the 584,137 serious offences recorded in London last year, police are particularly concerned about them. The total was 34 per cent higher than in 1980.

Firearms were carried in 1,415 offences last year, against 767 in 1980.

After a slight decline in 1979, the total of all serious offences recorded by the police rose last year for the second year running by 8 per cent to 631,328 offences. The number of arrests declined between 1980 and 1981 by about 7 per cent to 97,276, the lowest since 1974.

The number of crimes cleared up, or solved, was the lowest in at least 10 years,

At least another 5,000 police were in London to combat the "horrifying" increase in violent crime, Mr Jim Jardine, Police Federation chairman, said yesterday.

Training plan 'may alter job entry standards'

BY ALAN PIKE

CERTIFICATES awarded to young people on the Government's proposed Youth Training Scheme may lead to the modification of existing job entry requirements, a report to the Manpower Services Commission suggests today.

The Government intends to introduce the year-long training scheme, combining work experience and further education, for unemployed school leavers in September of next year.

It is the view of the MSC, however, that the new vocational preparation arrangements should apply to all young people leaving school and not just the unemployed.

An MSC task group representing both sides of industry and educational interests is currently exploring ways of meeting this objective and will

report to Mr Norman Tebbit, Employment Secretary, shortly.

Mr Geoffrey Holland, MSC's director, reiterated in a foreword to the report that the Commission believed "as rapid steps as possible should be taken" to provide vocational preparation for all young people entering the labour market, and that the task group would report on "how this is to be achieved, how costs should be shared, the timetable for introducing such a scheme, and the nature and level of income of young people taking part."

The report, prepared for the commission by the Institute of Manpower Studies, stresses that to operate successfully, the new traineeships must be accepted as useful and valuable by young people themselves, employers, educational and training bodies, trade unions and the public.

The setting of standards was a tool for implementing all the policies which would be needed for high-quality traineeships.

A key question was whether the traineeship should establish minimum standards which virtually all trainees could be expected to achieve, or whether young people should be placed in some hierarchy of ability or competence.

Minimum standards could be relatively easily established and would provide the satisfaction of achievement. But, says the report, the alternative approach might provide a better link into employment and further education, and would be less likely to lead to "teaching to the minimum."

A fundamental decision would have to be made on whether the scheme should impose its own standards or fit into

the existing entry requirements for further education, long-term training and employment.

Current entry requirements for a range of jobs suggested that at least two O-levels or equivalent would be needed if the scheme were to adopt existing arrangements.

The British examination system was, however, often criticised for concentrating more heavily on testing memory than testing the ability to use knowledge and skill, and this argument might be sufficient justification for the traineeship to create its own standards.

An even more powerful factor in support of this view was the large number of young people likely to take part in traineeships.

"Sheer size will enable the traineeship scheme to demand

of other institutions that they modify, or accept, alternative, entry requirements."

If the competence and experience of trainees could be demonstrated to be relevant to effective work performance employers might also change their requirements.

The report warns, however, that while there are strong reasons for pursuing an innovative approach, traineeships might, by being too unorthodox, "produce a united front of opposition from educational bodies saying that under no circumstances will traineeships be accepted as meeting entry requirements."

Foundation Training Issues—Institute of Manpower Studies, Monetell Building, University of Sussex, £6 (IBS subscribers £4).

Race breakdown claim for mugging figures

BY JAMES McDONALD

IN THE majority of recorded robberies and other violent thefts—including muggings—in London last year the victim claimed the assailant was coloured, according to a mixed gang and 106 not known.

It is the first time police have published a breakdown—not only by district but by colour of assailant according to the victim—of recorded robberies and other violent thefts.

Of 18,763 offences, 10,899 were by coloured assailants, 4,967 by white assailants, 704 by a mixed gang, with the appearance of the remaining 9,033 offenders not known.

Mr Gilbert Kelland, Assistant Commissioner, Crime, asked why it had been decided to publish the race breakdown.

"There is a demand, police feel, for this information from the public and the media, and it was considered it was important, if the position is to be understood and to prevent gossip and rumour and miscalculations, to publish them."

"We all hope that honesty and openness and putting the facts on the table for debate will be helpful, and I hope people will not interpret them as being slanted or directed at any one section of the community."

The majority of crimes occurred in inner London and nearly a quarter of the victims were more than 50 years old.

Borg Warner drops £33m project

BY ROBIN REEVES

THE U.S.-OWNED Borg Warner Corporation has scrapped plans to invest more than £33m in a new automatic continuously variable transmission (CVT) system at its European plant at Keween Hill, South Wales.

The company has decided instead to seek contracts for supplying components for a smaller and more cost-effective automatic transmission system. High-volume production of the new CVT is being planned by a major motor manufacturer, which believes the time is ripe to take the plunge into the mass production of automatic transmissions for small cars.

Borg Warner, which has refused to name the motor manufacturer involved, said it is seeking a contract to supply components to a plant assem-

bling some 500,000 CVT units a year, starting in 1984.

This was a more attractive proposition than Borg Warner's original CVT investment project at the Welsh plant, which was being planned in collaboration with Fiat and Van Doorne. That had envisaged a maximum of 200,000 units a year—and initially just 25,000 units—as well as large capital investment costs.

Fiat had been inclined towards fitting the CVT into a 1.6 litre car, whereas the investment planned in Wales was aimed at a CVT designed specifically for 2-litre models.

The new CVT system will still be based on the Van Doorne moving belt principle, in which both Fiat and Borg Warner have a financial interest

through their original collaboration agreement.

The decision to go ahead with the mass assembly project evidently will involve Fiat waiving its contractual right to market the CVT system first. The proposed deal would involve the Italian group launching CVT in its own models at the same time as the other car manufacturer.

If Borg-Warner wins the contract it is after, the company will supply pressings, gear trains and various shafts. Other components for the CVT system would come from elsewhere.

Some investment by Borg Warner would still be required at Keween Hill, but nothing like the £33m envisaged under the scheme for assembling CVT transmissions there.

Concern over control of civil servants

BY ROBIN PAULEY

SERIOUS criticisms about the control of civil servants have been made in the latest report on the subject by the powerful Commons Public Accounts Committee.

The committee was told by Sir Douglas Henley, the former Comptroller and Auditor General, that by 1979 there had been a deterioration in staff inspection performance in the Civil Service.

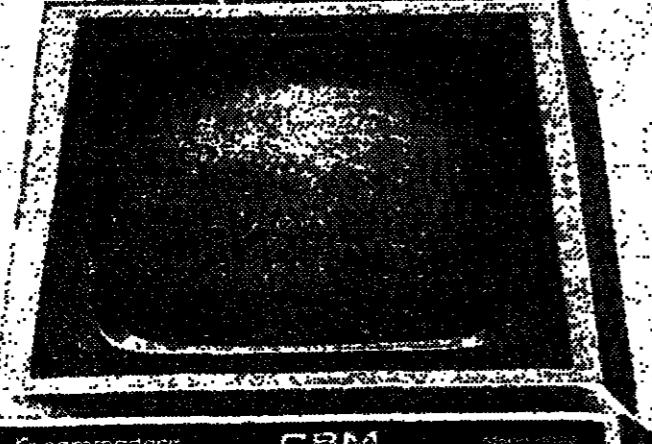
"In view of its importance in manpower control we were dis-

turbed to learn that serious shortcomings had been identified in the scope and coverage of staff inspection... The most important cause of this unsatisfactory situation — inadequate direction of, and involvement in, staff inspection by the top management of departments — was the same underlying weakness that had been identified in an earlier review in 1975-76."

The committee also says there is clearly too much delay in resolving reservations which the central department might have about an employing department's staffing procedures.

If the central department possessed the appropriate general expertise in manpower control and special knowledge of the employing department's circumstances, and is itself adequately staffed, this should give it the confidence and authority to pursue the issue vigorously, if necessary to Ministerial level, until it is settled.

"A top company revealed today that they're getting bigger in business by offering big value across a big range..."



"You could be forgiven for thinking that there's more name dropping here than in the combined columns of Nigel, William and Jean on a good day."

But apart from performing for the big boys, thousands of small businessmen find the very same computer as helpful as the dustmen a week before Christmas. I'll let the people at Commodore tell how it's making a name for itself in a big way. As well as a small way, of course."

Small businesses can now afford to have the same computers that are doing such good work for the big companies. Thanks to Commodore. Because, as we've been in electronics for over 20 years, we've been able to develop our range to the stage where it can take on the kind of jobs that previously only big computers could do. Our experience really shows. For instance, we actually

make the microchip that goes into our computers—the same one that other manufacturers happily choose to use in their systems.

Versatility is where the PET scores heavily too. Thanks to a vast library of computer programs it can handle a wide variety of work. This covers anything from accounts, VAT and payroll to stock control, financial planning and word processing. Which leaves you free to do more important things. Like running your business.

Simplicity is one more valuable PET asset. Although it can do so much, almost anyone in the firm will be able to use it. The programs virtually tell you what to do as you go along. In our free booklet, which we'll happily send you, we also make it very simple to understand computers and choose just the right system for your particular line of work.

Range is important to us at Commodore, too, because unlike many manufacturers, we don't believe in offering just one solution to all kinds of

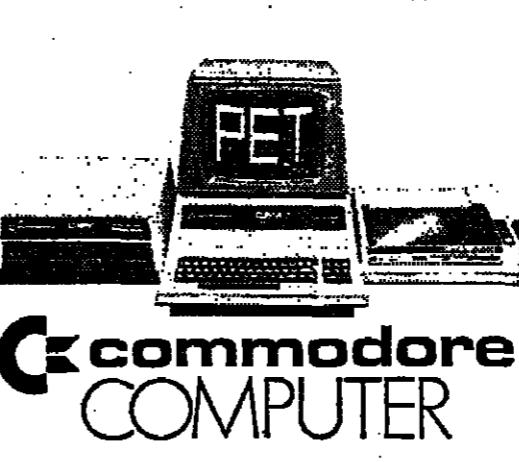
problems. So you have a choice of computers that start with a home colour computer (though we're told it's often used by businessmen) and goes through to a super sophisticated system that can take on the most complex jobs.

Service is something we've always worked hard at. In fact we carefully select and train dealers in our national network before they're appointed.

Commodore Business Consultants. Just to be sure they look after you properly. Before and after sales.

Value is apparent in our whole range. You get more features and performance for your money whether you spend £200 or £900, indeed, a typical business system to deal with ledgers and payroll will cost less than £300. Should you wish to do more with your PET, additional programs are just as simple to use, and very reasonably priced.

"So put your name on the coupon and send it back to get the helpful free colour



Send to: Commodore Information Centre, 675 Ajax Avenue, Slough, Berks. Tel: 075 79292

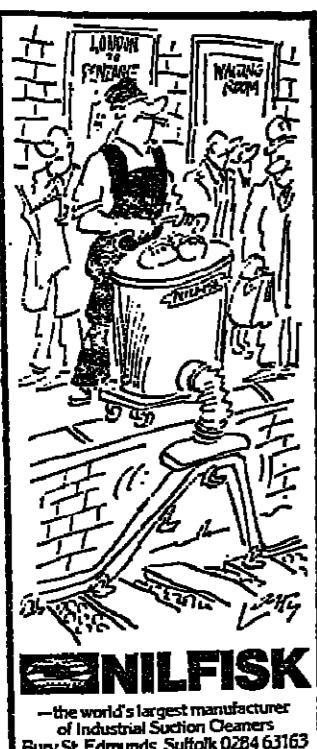
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Company _____
Nature of Business _____
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COMMODORE PET
Quite simply, you benefit from our experience

FT113

UK NEWS



BCal's Gatwick to Los Angeles route set for May

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE British Caledonian Airways Gatwick to Los Angeles service is to begin early in May. There will be six flights a week, using DC-10-30 tri-jets. Details are being completed following Mr John Biffen, the Trade Secretary's decision on Tuesday to exempt the airline from normal licensing procedures.

British Caledonian had asked for the exemption to allow it to fly the route for at least six months this summer. It aims to ensure that the British market share is not lost to American competitors.

Application

The Civil Aviation Authority last week refused to grant the exemption. It felt it would preempt normal licensing procedures, particularly the application from Bremgair, set up by Sir Freddie Laker, to have the former Laker Airways' licences granted to it.

Mr Biffen disagreed with the aviation authority after a direct appeal from British Caledonian. He accepted the airline's view that someone should fly the Gatwick-Los Angeles route, pending settlement of who should be the permanent licence holder.

This matter is to be discussed

at public hearings starting in London on May 4. Those proceedings are likely to be long and, in the meantime, the route would have been left vacant and open to American competitors.

Mr Biffen feels that, provided British Caledonian is ready to give up the route if the aviation authority eventually decides on another airline, it can operate a interim service to keep the British flag flying.

British Caledonian believes it can do this from May 1 to October 31, and make money. It thinks its case to become a longer-term licence holder is so strong that it will be awarded the route by the authority after May's public hearings.

British Caledonian will complete its plans within the next few weeks. These include additional staff in Los Angeles, where there is a sales office, and arranging for the handling of its aircraft there, as well as starting a sales promotion campaign to win passengers in the UK and the US.

Staff from the airline flew to Los Angeles yesterday to put the plans into effect. Advertising will start almost immediately, and the airline is confident that when flying starts it will attract good loads.

Ward and Goldstone to shed 286 cable workers

BY NICK GARNETT, NORTHERN CORRESPONDENT

WARD AND GOLDSTONE, the general electrical group, is shedding 286 jobs in its cables operation, which it says is necessary to secure the future of the 800-strong division.

The redundancies at its plant in Salford, near Manchester, are also linked with the decision by the company to move cable manufacturing to the Trafford Park enterprise zone in the city.

Mr Michael Goldstone, managing director of the group, which employs more than 4,000, mainly in Lancashire, said the company wanted to start up at Trafford with the right atmo-

sphere and the right manning levels.

The company has been investigating domestic cable manufacturing in Scandinavia, West Germany and other parts of Europe. "In comparison we are non-starters at this stage. We would have had to shut down unless we became more efficient," he said.

The company has made productivity improvements already. It has not been making any profit in its cable-manufacturing operations. Ward and Goldstone undertakes in other parts of the country have established small factory units as an investment opportunity for their pension funds.

Farnell to invest £200,000 in factories

By Nick Garnett, Northern Correspondent

A MEDIUM-SIZED electronics company is to invest the equivalent of £200,000 to set up small factory units, partly to attract high-technology companies which may form a trading partnership with it.

The Farnell Electronics group is receiving no financial assistance for the scheme, at Broughbridge, North Yorkshire. Its manufacturing arm, Farnell Instruments, has decided that such a programme of nursery-unit building can provide an acceptable return on capital for itself, as well as encouraging the growth of small companies in an area with weak industrial infrastructure.

The cost of the project, supported by the local authorities, includes the value of the land which Farnell bought three years ago.

Initially there will be seven factory units — ranging from 1,300 to 2,400 sq ft built adjacent to Farnell's own plant. Further land is available for more units, which will be rented.

Reasonable

Mr Eric Hall, deputy managing director of Farnell Instruments, said the scheme would provide a reasonable return on capital.

"We'll look at anyone who wants to take up the units but we are especially interested in high-technology companies who could help us and we could help them," he said.

"We are convinced that companies like us can provide a great deal of help to small companies through projects like this."

Farnell Instruments, which sought the advice of North Yorkshire County Council before going ahead with the scheme, specialises in industrial control units, equipment for stabilising power supplies and testing transmitters and receivers. The group had a turnover of £20m in the last financial year.

The Council is trying to encourage other companies in the area to follow suit. Some undertakings in other parts of the country have established small factory units as an investment opportunity for their pension funds.

A fillip to document exchanges

Jason Crisp looks at a new trend

THE RAIL strike gave a fillip to the fast-growing phenomenon of document exchanges which compete with the Post Office. While the strike was on train between exchanges rose by a third.

A few local document exchanges were set up, mainly by lawyers, because of the postman's strike in 1972. Most closed. The British Telecommunications Act passed last year has given the exchanges a boost. It allows them to transport mail in bulk between each other. Previously, this had been prohibited because of the Post Office's statutory monopoly.

Before the Act was passed there were two in London and one each in Birmingham, Edinburgh and Glasgow. There are now more than 70 and several more are being opened each month. They are also linked to a document exchange in Dublin and Brussels.

Nearly 1,500 law firms are using document exchanges and several hundred companies, including insurance companies, accountants, stockbrokers and surveyors have joined. How does a document exchange work? Each company or organisation has its own locked box at its local document exchange which has a slot in it like that of a letter box.

Company messengers have a key to the box and come and collect any mail from it, sometimes several times a day. At the same time they put documents for other firms into their boxes — each company has a

box number which they are encouraged to put on letter headings. There is also a directory of members and their box collection times.

The British Telecommunications Act gave the opportunity to send documents to organisations at other exchanges, including their own subsidiaries. Each night couriers in station wagons start collecting from the outer exchanges and converge on the main London document exchange at about midnight.

In the meantime, mail for the regions from London will have been sorted for each courier's run back to the outer exchanges. The documents from the regions also have to be sorted and the couriers set off from London at 2.30 am and should have reached the outermost exchange before 9 a.m.

The first commercial document exchange was started in London in 1975 just off Chancery Lane. Driving force behind the exchanges is Pauline Lyle-Smith, an extrovert Australian solicitor who arrived in Britain in 1974 after practising law for four years.

She was surprised to find there were no exchanges in general use as they were common in Australia. She approached the Law Society for backing. "They very kindly and gently told me they could not back a commercial venture," she said.

But, supported by Holborn Law Society and the financial

backing of a marketing executive the London Document Exchange was formed and in six weeks had 100 members. It is now the hub of other exchanges and is where all the sorting is done.

A second document exchange was opened in the City at the end of 1978. It is mainly used by insurance brokers, insurance companies, stockbrokers and accountants and has 400 members.

Since it became legal to trans-



mit documents between exchanges the numbers have grown rapidly. Outside London each exchange is unhampered with the members having a key to the exchanges as well as their own box.

The London Document Exchange was taken over in November 1980 by the Hay Group, formerly Hay Wharf. Miss Lyle-Smith says: "We're very happy about it. We clearly needed a big company to give us the financial and management backing needed to take full advantage of the opportunity offered by the British Telecommunications Act."

She believes the potential is enormous. "More stockbrokers in the regions are joining. Because the Stock Exchange collects from the City document boxes. She believes there is considerable potential from chartered surveyors and other professions such as medicine."

Clearly, as the system grows and involves more exchanges and further afield, the administra-

tive and management problems will increase.

The cost of using the system varies. For a big insurance company sending large volumes — often with quite large packages which don't go into the boxes — it can cost up to £500 a year. For a small firm of solicitors it is £280 a year.

The expansion of document exchanges into a network centred on London, has made Miss Lyle-Smith more sympathetic to the Post Office. "When a document fails to turn up the first reaction is for people to blame you. As our system is very simple it is very easy to check where a document is and usually we find it is not our fault."

The Post Office need not worry too much. The exchanges deal with a few thousand documents a day. The Post Office collects 34m letters from 100,000 post boxes and delivers to 22m establishments each day.

Jobless offered extra cash for community service

UP TO £14 a week more is being offered to the jobless in Scotland to engage in voluntary activities.

The Government made the grant of £400,000 for one year only but Mr. Lord hinted that other charitable trusts, including the Carnegie United Kingdom Trust, were not debarred from contributing their own resources to the fund after that time.

The trust, which made record grants totalling £551,000 to 70 organisations during the year, is also setting up a national inquiry into the arts and disabled people.

An important part of the investigation will be to find ways to prevent the work of the disabled being separated from the general activity of the arts.

Call to limit time in prison before trial

BY LISA WOOD

A TIME limit for imprisonment before trial, bringing England and Wales into line with Scotland, was proposed yesterday by the National Association for the Care and Resettlement of Offenders.

Ms Vivien Stern, director of the association, said Scotland's 110 day rule, under which a trial must start within 110 days of a defendant's commitment in custody, provided a valuable safeguard for defendants by preventing inordinate delays.

Her remarks coincide with a debate, to be held today by the House of Commons standing

committee on the Criminal Justice Bill, on an amendment which would introduce a similar rule to England and Wales.

If adopted, the measure would not significantly reduce the prison population, one reason being that time on remand in custody counts towards a prison sentence. However, Ms Stern said the proposal would not only prevent delays in prisons where conditions were "a national scandal" but would also improve the quality of justice as cases heard would be fresher in the minds of witnesses.

PUBLIC NOTICE

NATIONAL SAVINGS CERTIFICATES TWENTY THIRD ISSUE

The Chancellor of the Exchequer has announced that sales of the 23rd Issue National Savings Certificates would cease from the close of business on Wednesday 10 March 1982. This certificate issue is therefore no longer on sale.

A 24th Issue Certificate, details of which will be announced later, will be introduced as soon as possible.

The withdrawal from sale was due to the reduction in other interest rates since the issue was launched.

The 2nd Index-Linked Issue will remain on sale.



DEPARTMENT FOR NATIONAL SAVINGS

ENJOY A TASTE OF PARADISE EN ROUTE TO THE PARADISE ISLE.

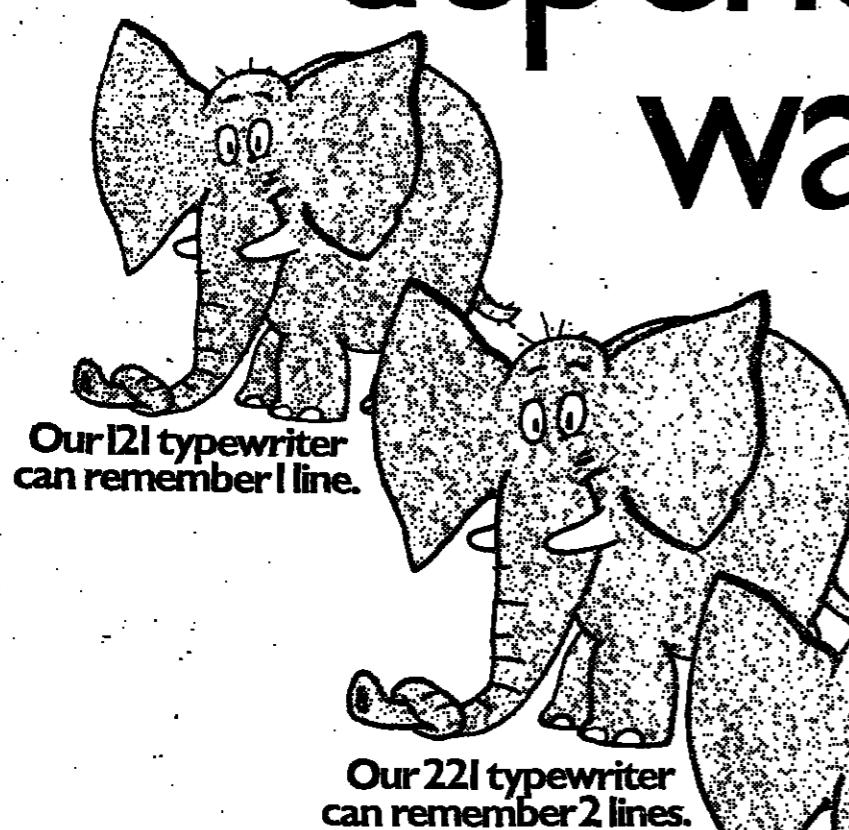
Fly with us in superb Tristar comfort to our Paradise Isle of Sri Lanka. Our flights depart from London every Wednesday, Friday and Sunday and arrive in Sri Lanka early next morning. En route, we promise you a warm and gentle style of service that can belong only to those who live in Paradise. AIRLANKA A taste of Paradise.

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Whether you need a typewriter or a word processor depends on how much you want to remember.



It might help you choose if you stop thinking of typewriters and word processors as different animals. Instead, try seeing them as different sizes of the same animal. With different sizes of memories.

So that some, for example, can store a short phrase like 'yours sincerely'.

While others can memorise the complete works of Shakespeare.

Let's start with a guided tour of our basic model, the Olivetti 121, and work up.

The smallest memory.

The first thing you'll notice is how quiet it is. Like someone typing in a cupboard.

When you take the lid off you'll have another surprise.

It seems empty.

Instead of levers, swivel joints, and springs there are microchips and sensors.

And instead of handfuls of clattery keys there's a 'daisy wheel' with all the letters on little stalks.

Whereas the old electric golfballs have about 2500 moving parts, our electronic typewriters have just 100.

This new technology gives you features unknown to the old.

It can centre headings automatically, for instance.

But of course, it's the first vestiges of memory that fascinate most people.

The 121 can store a line of type.

It can't print it back for you, but it can correct any or all of the characters you instruct it to.

It's bigger brother is called the 221.

The growing memory.

It can memorise two lines or 100 words.

What's more, it'll show them to you on a visual display panel before it prints them.

So if they're not the pure gems you intended you can cut and polish them.

With equal precision it will justify a line to the right hand margin, to give a neat edge like a book's, not a ragged one like a letter's.

It will also recall standard phrases on demand: your title, for example.

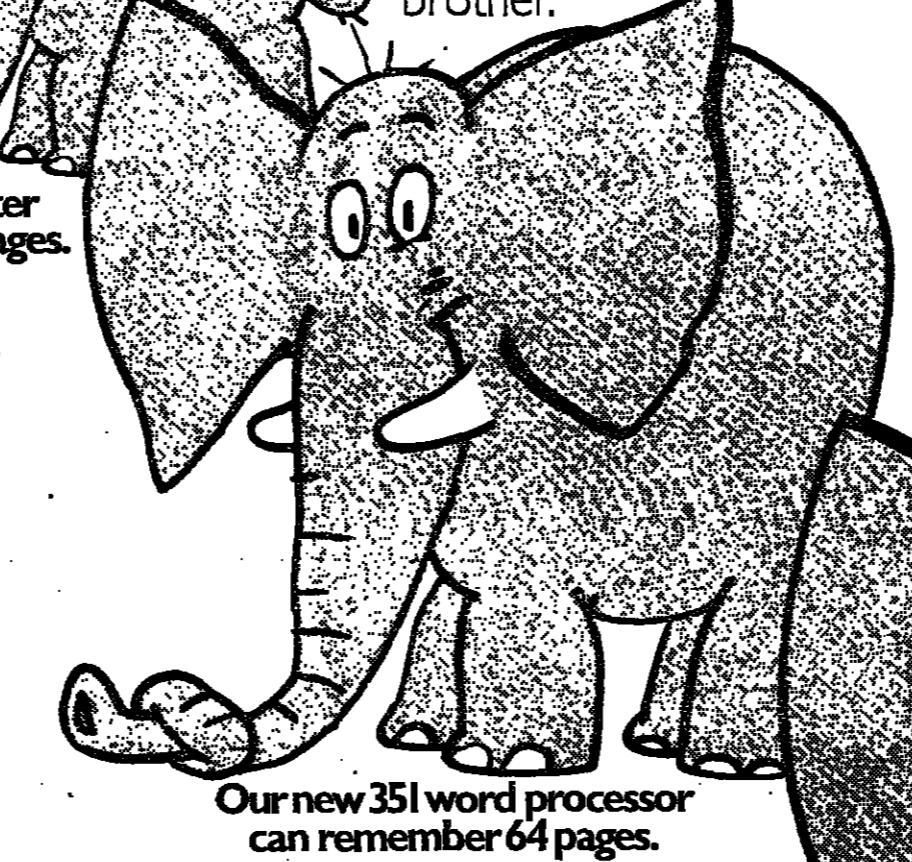
Your secretary just presses a key and it'll

print it perfectly, as many times as she wants.

The start of something big.

These features alone are worth the extra money (and if it's any interest to you, the 221 is seen as the 'hot' machine inside Olivetti).

But if you want a typewriter that can store even more inside you have only to look at our 231. It can remember seven pages. And print half as fast again as its smaller brother.



After this, you make the big step to our first machine with a memory store outside, our 351.

The floppy disk that holds as much as a filing cabinet.

The 351 stores its information on floppy discs, or, as the computer generation insists, 'disks'.

However you spell it, it's a great concept. Each disk can store 64 pages of information, and you can use as many disks as you need.

Thus you can hold all your letters and documents in negligible space, and call them back at will.

The machine will type them for you at over 250 words a minute, with different names and addresses on standard letters, so that each seems individually written.

Even this Leslie Welch of a machine, however, is surpassed by something better, the ETS1010.

Our Jumbo-sized memory.

We designed this, our most accomplished word processor, round our electronic typewriters (the 121 and 221, see above).

Machines your secretary will already know and feel at home with.

If you like, you can buy the typewriter part first and add the word processing part later.

This consists of a memory store with a screen called a VDU (visual display unit) which you can see in our photograph.

It will show you pages of type exactly as they'll appear.

You can add or take away single words or entire paragraphs and the machine will compensate, re-space and print the new version, holding the original until you wipe it.

Altogether it can store nearly 200 pages and form the cornerstone of an automated office.

The cost of memories.

Storage space costs money whether it's in a warehouse, a typewriter or a word processor, and the more you pay, the more you get.

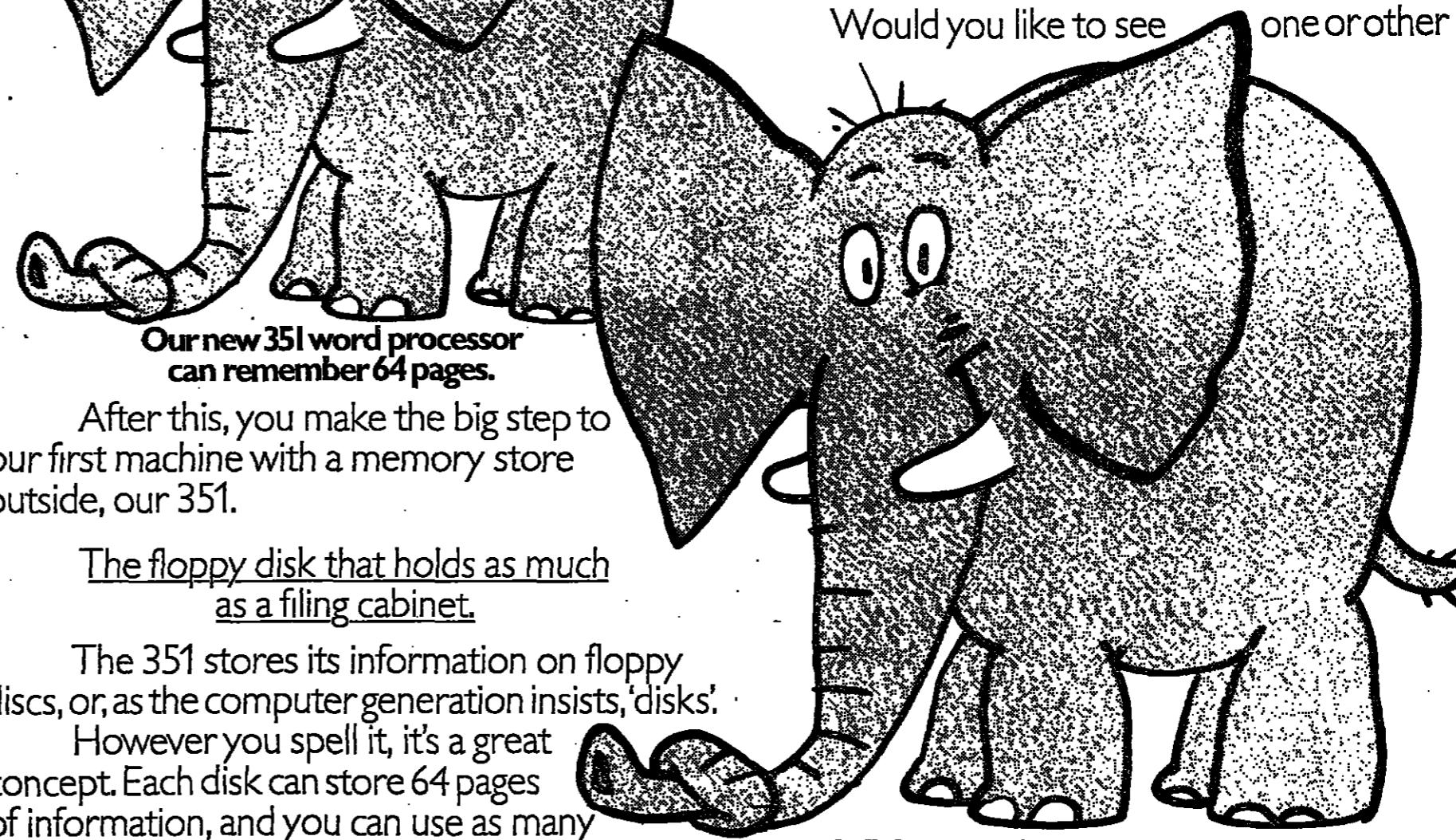
For example, you can lease our 121 for as little as £5 a week.

The 221 for £7.50 a week.

The 231 for £10 a week.

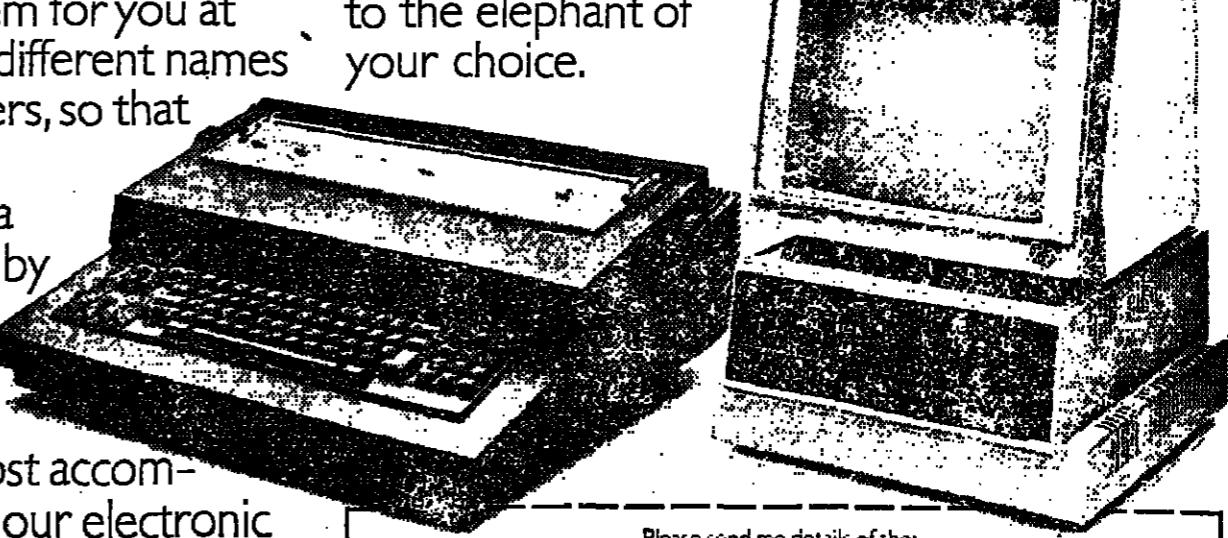
Whereas the 351 with the outside memory store will set you back around £15 a week. And the ETS1010 under £30 a week.

Would you like to see one or other



While our ETS1010 word processor can remember 130 pages.

of them? Simply send us the coupon and we'll introduce you to the elephant of your choice.



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UK NEWS

Cabinet approval for Trident 2 purchase expected today

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE CABINET is expected to approve today a plan to modernise Britain's strategic nuclear deterrent by the purchase of Trident 2 missiles from the U.S.

Provided the plan is approved, Mr John Nott, the Defence Secretary, will announce the decision in the House of Commons this afternoon, the Defence Ministry said yesterday.

Ministers are not thought likely to raise objections to the purchase of the missiles, which has already been agreed by the Cabinet's Overseas and Defence Committee.

The Government's decision on Trident has been long awaited, and seems bound to be greeted with protest from the Labour Party and from the Social Democrat-Liberal Alliance. All three political parties have said they oppose Britain buying the sophisticated weapon, and would be likely to cancel the project if they win the next election.

However, Conservative back-bench opponents of the Trident modernisation plan are now believed to be prepared to let

the deal go through.

Britain is to buy new missiles to replace the Polaris nuclear missiles bought from the U.S. in the 1960s.

Originally Britain contracted to buy the cheaper Trident 1 or C5 missiles from the U.S. With the British built submarines from which to launch them, the overall cost would have been some £5bn over 15 years.

However, President Reagan's decision last year to phase out the Trident 1 missiles in favour of the much larger, and more expensive D5, presented the Government with a dilemma.

Mr Nott is expected to argue today that the Government's decision to buy the D5 will prove cost-effective in the long run, even though the overall cost in current prices—again with British-built submarines—is likely to be more than £7bn.

Mr Nott is expected to tell Parliament that advantageous terms have been negotiated with Washington which could involve British companies in manufacturing parts of the missiles.

Clive Jenkins to be axed from board of BNOC

BY RAY DAFTER

MR CLIVE JENKINS, the white-collar trade union leader, is being dropped from the board of British National Oil Corporation.

Mr Jenkins, general secretary of the Association of Scientific, Technical and Managerial Staffs, has been told he will not be reappointed to his £4,000-a-year seat on the board when his present three-year term of office expires on March 22.

The decision was taken by Mr Nigel Lawson, Energy Secretary. Mr Jenkins, who was appointed by Mr Tony Benn when he was Secretary of State for Energy, is understood to be extremely disappointed at not being offered a further term on the board. He has taken a keen interest in the corporation's affairs.

It is likely that there will be no replacement for Mr Jenkins. This will leave the board with a lone trade union member—Mr Gavin Laird, executive member of the Amalgamated Union of Engineering Workers. During the past few days Mr

Lawson has reappointed four board members: Mr Malcolm Ford, a full-time member responsible for the corporation's exploration, production and construction activities; Mr Lawrence Tindale, joint deputy chairman of Finance for Industry; Mr Jack Loftus, a former director of Imperial Chemical Industries; and Mr Alcon Copisarow, formerly director and vice-president of McKinsey.

Within Whitehall it was stressed last night that Mr Lawson's decision not to re-appoint Mr Jenkins had been taken largely on political grounds. Mr Lawson, unlike Mr Benn, does not believe trade union leaders should have a special right to sit on the boards of state corporations.

Under Government plans, the board—and the corporation as a whole—is facing more widespread changes. The exploration and production activities of BNOC are to be hived off to a new company (BritOil), 51 per cent owned of which is to be sold to the public.

OFT probes free-sheet war

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE OFFICE of Fair Trading (OFT) is to mount another investigation into the bitter marketing war between local newspapers and publishers of free-sheets, it was announced yesterday.

The probe, carried out under the 1980 Competition Act, is into the trading practices of Scottish and Universal Newspapers in the Lancashire region. The company is ultimately owned by London.

The probe follows the OFT's investigation last year into the

board—and the corporation as a whole—is facing more widespread changes. The exploration and production activities of BNOC are to be hived off to a new company (BritOil), 51 per cent owned of which is to be sold to the public.

Metro 'subsidy' denied

EL YESTERDAY rejected a claim by a Tory Euro-MP that British taxpayers were "subsidising the wealthiest people in Europe"—the Swiss—to buy cheap Metros."

Answering the allegations by Mr Richard Coittrell MEP for Bristol, the company said the reduction in the value of the f

from SwFr 4.5 to SwFr 3.35 since the Metro was launched last autumn, had enabled a 7 per cent price reduction to be made on the Metro range. Cars were being sold at loss by BNOC on the Continent.

The Metro range in Switzerland is now priced between SwFr 9,800 (£2,980) and SwFr 11,900 (roughly £3,579).

Shake-up planned for System X exports

BY GUY DE JONQUIERES

THE GOVERNMENT is seeking to shake up the export marketing arrangements for System X, Britain's advanced electronic telephone exchange, which has been developed at a cost of almost £200m.

Mr Patrick Jenkin, Industry Secretary, said yesterday he wanted the three companies manufacturing the exchange to take a more active role in overseas sales promotion which had so far "not been a particularly happy story."

He said the shake-up could mean changes at British Telecommunications Systems, the consortium which handles exports. It is a joint venture between British Telecom and the three System X manufacturers—the General Electric Company (GEC), Plessey, and Standard Telephones and Cables (STC).

The Government is understood to consider that this arrangement has not worked well because responsibility is too widely dispersed. It is thought to favour a system which would put one of the manufacturing companies in charge of overseas marketing.

When development of System X began in the early 1970s, it was seen as Britain's principle hope of winning a share of the

highly competitive world market for electronic exchange equipment. But it has yet to win a single overseas order.

Indeed, it did not become available for export until late last year. The delay was caused by the need to up-date and substantially re-engineer the design to incorporate advances in technology and adapt it to international technical specifications.

The Government hopes India will become the first customer for System X. A tender is due to be submitted later this month for a contract worth more than £100m to modernise the Indian public telecommunications system.

Mr Jenkin indicated yesterday that the Government was prepared to support the bid with an offer of overseas aid and might make it part of a broader trade package. Mr Kenneth Baker, Minister for Information Technology at the Industry Department, recently visited India to promote System X and other British exports.

British Telecom, which has paid for most of System X's development costs to date, plans to use it extensively to modernise its UK network. It has already ordered some 40 exchanges.

City analysts give general welcome to economic recovery measures

BY DAVID MARSH

SIR GEOFFREY HOWE'S Budget measures, designed to produce modest economic recovery and single-figure inflation this year, were given a general welcome by City economic analysts yesterday.

There is general consensus, however, that the Budget will do little to stop unemployment rising. Several City economists are also worried that the Chancellor's raising of monetary targets may lead to eventual downward pressure on sterling.

James Capel, the stockbrokers, said it welcomed Sir Geoffrey's "pragmatic recasting" of monetary policy. The 8.12 per cent monetary growth targets "for the first time" seemed to be based on a realistic assessment of economic prospects.

The firm agrees with the Treasury's 1.5 per cent growth forecast for 1982. But modest recovery will not be enough to stop a further rise in unemployment, which Capel forecasts at a total of 3.2m by the end of

1982 and 50,000 higher a year later.

Capel-Cure Myers, one of the most pessimistic stockbrokers on growth prospects in the City, said the Budget was broadly neutral, giving a welcome boost to industry, but at the expense of consumers.

It believes that the growth forecast of 1.5 per cent for this year is "extremely optimistic," mainly because the Chancellor has exaggerated the likely change in stockbuilding.

The Government's vaguer and more flexible medium-term financial strategy may remain a joke "because no one will know quite what it means."

Capel-Cure says the sharp increase in monetary targets may be regarded abroad as a signal that the Government has relaxed its policies. "If this view were to take hold, then sterling could come under pressure, which would substantially lessen the immediate scope for interest-rate cuts."

At the more optimistic end,

stockbrokers Grieveson Grant termed the Chancellor's cut in public borrowing "a success story." Single-figure inflation by the end of 1982 looked assured, it said. The Customs and Excise duty changes would add only 0.8 per cent to the retail price index, and the relaxation on the monetary front would encourage downward pressure on interest rates, the firm said.

Prof Harold Rose, group economic adviser at Barclays Bank, said he believed the Treasury and the Bank of England would aim for about the middle of the 8 to 12 per cent growth range for Sterling M3.

But he would recommend that PSL2, the broad measure of private-sector liquidity, which appears to be becoming the main target indicator, should rise at no more than about 8 to 9 per cent.

Stockbrokers de Zoete and Bevan views the Budget as giving the economy an important stimulus. The firm believes

that 1983 economic growth could be far higher than the official 1.5 per cent estimate because the Government's combined December and March packages have injected nearly £4.5bn into the economy, very close to the £5bn pleaded for by Sir Ian Gilmour.

"The Government's twin objectives of a sustained low inflation rate and a 25 per cent basic tax rate appear to be unachievable within the lifetime of the present Parliament."

By going for more growth, the firm believes, Sir Geoffrey "risked a sterling crisis and another credit crunch."

Roane Covert believes the Budget has been "fairly boldly" recessionary. It said the balance of payments—where the Treasury has revised upwards last year's current account surplus to £8bn from the previous figure of £6.6bn—looks secure enough. "But there is a danger that too fast a relaxation in money growth could provoke a substantial slide in sterling."

Families bear brunt of increases as gas pricing policy shifts

BY SUE CAMERON

GAS PRICE rises for domestic consumers are racing ahead of those for industrial users. For

the first time in years, UK households will soon be paying the lower prices

the normal market pattern for bulk sales.

Meanwhile, the British Gas Corporation yesterday announced another small concession for its industrial customers. Until now, manufacturers have been paying 48p a therm for the first year of their new contracts.

Concession

The corporation has regarded this as an "entry fee" for industrialists wanting to join the gas "club." From now on, however, new customers will pay the same prices as other manufacturers—an average of 30-32p for those taking firm supplies.

The average pegged price of 30.3p a therm represents about 65 per cent of the current gas oil price of 48p a therm. Traditionally, UK industrial gas prices have been about 75 per cent of the gas oil price. Gas for heating is a main competitor of gas in the market place.

British Gas' sales to the industrial sector are estimated to have fallen by about 6 per cent last year as a result of the recession. Part of the drop is accounted for by more part-time working and the corporation hopes it will recover some of this business as economic prospects improve.

On the bright side, the fall in sales has meant the corporation has met most requests for new industrial gas contracts—something it was unable to do in 1980 and for much of last year.

Chemical industry warns over electricity prices

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE size of its bills. It is expected that ICI's electricity bill for its chlorine business alone will rise by at least £1.95m in the next 12 months.

Consumers

Electricity prices for big UK manufacturing consumers are expected to rise by between 10 per cent and 12 per cent in the next financial year. But the Chemical Industries Association said industrial electricity prices in France were set to rise by only 5 per cent.

The association said France already offered industrialists much better load management cost-cutting schemes than were available in the UK.

At the start of this year average electricity prices for large, high load factor users were 1.8p per kilowatt-hour in France, 2.3p per kWh in West Germany and 3p per kWh in the UK. These prices took no account of load management schemes—if they did, the association said the differentials would be even bigger.

Agreement

There was general agreement among industry experts that the measures would help steelmakers more than chemical producers.

ICI, which spent £50m last year on electricity for its chlorine production in the UK, said the Budget moves would make virtually no difference to

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Teachers put off action in 11 councils

By Ivo Dawson, Labour Staff

THE 240,000-strong National Union of Teachers last night exempted a further nine county councils and two Welsh education authorities from industrial action due to begin today.

The union claimed the councils had joined metropolitan authorities in urging that the deadlocked pay talks be referred immediately to independent arbitration.

However, the Association of County Councils dismissed the claim, saying that if the NUT examined the fine print of the authorities' statements it would see the councils remained committed to further talks at the Burnham negotiating committee.

Most of the 440,000 teachers in England and Wales are expected to stop supervising school meals and other activities outside school hours from today.

The teachers are protesting against the employers' insistence on more talks on its 3.4 per cent pay offer before arbitration begins. The unions have demanded a pay award of between 11 and 12 per cent.

Industrial action was called by all three principal teachers' unions last week after the talks broke down.

The second largest union, the National Association of Schoolmasters' Union of Women Teachers, has instructed its 122,000 members to back the action.

The NUT campaign follows a split in the management side earlier this week when the Labour-controlled Association of Metropolitan Authorities supported the arbitration call.

The employers will meet to discuss the position next Thursday.

Times jobs cut talks break up

TALKS BETWEEN Times Newspapers and leaders of the machine assistants broke up without agreement last night.

The company said it would write to the National Society of Operative Printers, Graphical and Media Personnel Chapel (office branch) with a new set of proposals for reducing manning levels.

TUC to ease policy on state assets

By JOHN LLOYD, LABOUR EDITOR

LEADERS OF the TUC and the Labour Party seem set to face their respective conferences this autumn with proposals in tone down significantly their hard-line policies against pay compensation to shareholders of state assets sold by the Government.

The TUC's economic committee yesterday agreed the broad thrust of a policy which would pay minimal compensation to

shareholders, according to one of two sets of criteria. These are closely similar to the two options considered by the Labour Party's home policy committee on Monday.

However, the home policy committee added two further options—one a restatement of the policy of no compensation; the other, put forward by Mr

John Benn, would set up a commission to decide on refunds to shareholders using criteria based on need.

It seems likely that a consensus will settle on the option to "pay in compensation precisely what it received at the time of denationalisation," as the TUC background paper puts it.

The paper says: "This global sum would be straightforwardly divided between shareholders, including employee-shareholders holding free shares. While shareholders would keep the dividends they received while holding the shares, they would not be compensated for inflation."

"Nor would they receive any allowance for the difference between what they—the share-

holders at the time of denationalisation—paid for the shares and what the Government originally paid for the shares at the time of denationalisation."

The TUC says that while the state will make no losses as a result of renationalisation, existing shareholders—including pension funds and employee shareholders—would suffer considerable losses."

The pragmatic tone of the TUC document is extended when it notes that "whatever general principle of compensation for renationalised assets is adopted, in some cases the only practicable option might be to pay the existing share values."

The TUC has come down heavily against the no-compensation policy. Any attempt to implement it, or to compensate

employees and pension funds only, "would run into a series of difficult controversies."

TUC and Party staff will attempt to harmonise the two papers before they go to the TUC-Labour Party liaison committee later this month, where it is expected the preferred option will emerge. It will then go back to both bodies for further discussion, with the aim of presenting a common front at their conferences in the autumn.

Union leaders meeting yesterday as members of the Trade Unions for Labour Victory were told by Mr Moss Evans, general secretary of the Transport and General Workers Union, that their £250,000 special fund to aid the Labour Party was on target.

BP refinery workers to challenge 8% offer

By BRIAN GROOM, LABOUR STAFF

THE GENERAL level of 8 per cent rises in the oil industry's pay round will be strongly challenged by 900 process and manual workers at BP's Grangemouth refinery in Scotland and by 500 Mobil tanker drivers.

The Transport and General Workers Union at Grangemouth is submitting a claim which will specify a percentage figure above the rate of inflation, and demand a cut in the working week from 39 hours to 37½ hours.

Mr Neil Boner, senior TGWU steward, said the union was particularly determined to

secure rises above 8 per cent after failure to reach a productivity deal.

A mass meeting was last night expected to back a recommendation by shop stewards to reject proposed productivity rises which the union puts at between nil and about 5 per cent.

This follows six months of discussions on efficiency changes and a new grading structure. The measures are rapidly agreed but the "price" is not yet

settled. Mr Boner said the proposed rises would inject £160,000 of

productivity savings back into

the new pay structure. He includes about 100 job losses, would save BP more than £1m in wages and overheads, without taking account of greater productivity.

Industrial action was threatened last year if management did not renegotiate the 18-month pay deal.

The union will attempt to make up what it sees as a shortfall in pay compared with other workers unless BP makes a higher offer on productivity. It has threatened industrial action if management attempts to implement the efficiency

measures without agreement.

The Mobil drivers' pay talks, with a May settlement, are likely to set a benchmark into the next pay round for tanker drivers in the other main companies, who settle in November.

Last year, Mobil's 11 per cent deal became a target and strikes were threatened in Esso, Shell and Texaco in pursuit of it.

Those companies, however, along with BP, managed to hold the line at 8.1 per cent.

The other companies are hoping Mobil will not concede large rises this year. The simple basic rate for "grade one" Mobil drivers is, at £16.55, about £3 above that of its competitors.

Bank union pay ballot

By BRIAN GROOM, LABOUR STAFF

CLERICAL and managerial members of the Banking, Insurance and Finance Union are to be offered a choice between accepting the final 8.5 per cent pay offer from the five English clearing banks and holding a one-day national strike.

Bifu will make no recommendation in a postal ballot of its 70,000 members in these grades. But it will make clear on the ballot form that rejection means a 24-hour stoppage, with the prospect of further strikes.

The offer, which includes improved holidays, has been accepted without a ballot by the rival non-TUC-affiliated Clearing

Bank Union. This comprises the staff organisations at Barclays, National Westminster and Lloyds.

The result of the ballot, which begins on March 16, will be known on April 1. That is the annual settlement date for the talks, which cover clerical grades one to four and the minimum managerial salary. The timing was chosen partly to avoid prejudicing the outcome of arbitration at Barclays Bank International over an 8.5 per cent offer, and Standard Chartered Bank on a 7.25 per cent offer.

These are due to take place later this month.

Tebbit urged to amend Bill

By OUR LABOUR EDITOR

REPRESENTATIVES of business and right-wing groups yesterday urged Mr Norman Tebbit, the Employment Secretary, to amend the Employment Bill to make employers and unions stock to agree disputes procedures.

The group, led by Mr George Gardner, MP, asked Mr Tebbit to accept an amendment which has already been tabled during the Bill's committee stage.

Mr Gardner said after the meeting: "The amendment provides that where employers and trade unions have voluntarily agreed to go through a procedure for resolving disputes, then both sides should stick to

it. Where no agreed procedures exist, the parties should go for conciliation. If strikes took place before the procedures had been exhausted, then the legal immunity of unions would not apply."

However, Mr Tebbit is not expected to agree to the amendment. He is in favour of employers and unions working out ways of buttressing agreements, but is not expected to put the force of law behind such arrangements at this stage.

The group lobbying Mr Tebbit included the Institute of Directors, the Contractors Plant Association, the Centre for Policy Studies, the Plessey hit by walk-out

Paint shop strike halts Talbot in Coventry

By Lorne Barling

A STRIKE by 225 men in the paint shop has halted production of Horizon, Alpine and Solaras cars at Talbot's Coventry plant and laid off 1,800 workers.

The dispute first arose on Monday when 35 paint sprayers walked out in protest against a management plan to reduce their rest periods temporarily, they then returned to work on Tuesday.

However, production at Ryton, Coventry, assembly plant was completely halted yesterday by a new walk-out and union officials said the stoppage could be prolonged unless the company withdrew its proposals.

Talks with management were taking place late yesterday in an effort to resolve the dispute quickly.

Talbot said the trouble arose over plans to introduce a temporary night shift to clear a backlog of cars, which would change the relief pattern of day workers in the paint shop.

The company said the paint shop workers had won an agreement some years ago to have a total of 90 minutes' rest a day, considerably more than other employees, due to their poor working conditions.

This had recently been extended by agreement to 105 minutes a day, and the company was now asking for a temporary reduction of that period to 97 minutes, which had sparked off the dispute.

Management claimed that the men had not followed the required disputes procedure, despite full consultation.

Plessey hit by walk-out

By LYNTON MC LAIN AND BRIAN GROOM

LONDON TRANSPORT buses up by about 10 to 15 per cent and problem areas were confined to a few spots in central London.

About a dozen LT stations used by British Rail had to be closed to BR services because of the LT strike.

Trains from North Hertfordshire and Weymouth Garden City were diverted from Moorgate to King's Cross or terminated at Drayton Park. BR said there was no way it could operate services at stations which LT had closed.

London Transport said last night that the one-day strike had cost it a £500,000 gross in lost revenue. It had yet to calculate the wage savings.

Mr Ken Livingstone, Greater London Council leader yesterday urged Londoners to "stand up for public transport" by joining a mass lobby of Parliament this afternoon. The meeting is to start at 2.30 pm at Central Hall, Westminster.

Scottish steel plant men agree to resume work today

FINANCIAL TIMES REPORTER

A STRIKE by 3,000 workers which has stopped production at British Steel plants at Ravenscraig, near Motherwell, and Garforth, will end today.

After three hours of talks in Dunblane on the dispute, over new manning proposals, an agreement was reached with an immediate return to work under the status quo. Further negotiations on a bonus scheme will be held at Ravenscraig over the next week, involving top-level officials from both sides.

It does mean some jobs going. Around 620 in total will go, but not all from my union.

If that helps to create the security for Ravenscraig then the whole of Scotland can be highly pleased with the outcome.

Mr Peter Allan, operational managing director with BSC's strip steel products division, said: "Bearing in mind the circumstances I have agreed that there will be a return to work under the status quo in this week and next week to provide, if possible, an agreement with a week on Friday. It's a shorter time-limit than I

would like but I want them to get back to work and I want Ravenscraig to succeed."

Mr Sirs added: "The negotiations will be led by my assistant general secretary Roy Evans. We would expect that at the end of that time some of the changes which have been sought will be put into operation.

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Over 80% beat London bus and Tube stoppage

BY LYNTON MC LAIN AND BRIAN GROOM

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UK NEWS = PARLIAMENT and POLITICS

Brittan accused of 'misleading the House' on Budget

BY IAN OWEN

TREASURY MINISTERS were forced to defend the Budget in the Commons last night, when Labour MPs insisted that, despite the introduction of higher personal allowances, the average family man on average earnings will be paying more income tax and National Insurance contributions in the coming financial year.

Repeated charges of "misleading the House" were levelled at Mr Leon Brittan, Chief Secretary to the Treasury, when he claimed that the overall effect of the increase in tax thresholds announced by the Chancellor and the increase in National Insurance contributions operative from April 1 would be beneficial for individual taxpayers.

A barrage of protests from the Labour benches, including a shout of "You know it is not true," halted him in his tracks.

Anger on the Labour benches mounted, as Mr Brittan refused to allow Mr Jack Straw, an Opposition Treasury spokesman, to intervene to make a direct challenge.

The floundering Chief Secretary found his position

further undermined when Mr Nicholas Ridley, the Financial Secretary, left the Treasury bench to consult senior officials occupying the civil servants' box on the floor of the House.

Labour MPs asserted that Mr Ridley was engaged in a rescue mission. "The bugles of the Fifth Cavalry are sounding," said Mr Peter Shore, Labour's shadow Chancellor.

But when Mr Ridley returned to his original place on the Treasury bench, Mr Brittan ignored Labour attempts to discover the message he had brought back with him.

Mr Shore, giving the Opposition's detailed response to the Budget, accused the Chancellor of having indulged in "bluff and fraud."

A skillful presentation, which had taken in gullible Tory backbenchers, had suggested that the Budget contained benefits for job, industry and people through tax cuts.

The reality, he contended, was that only those earning over £21,000 a year would gain from the changes in direct taxation made in the Budget.

16 Labour cheers, Mr Shore

scolded: "So much then, for the Budget for the people."

He also maintained that the tax changes designed to help industry fall far short of those which had been urged by both the TUC and the CBI.

Since the present Government took office in May, 1979, he said, Britain had lost something like 30 to 35 per cent in international competitiveness.

Mr Shore said he would be surprised if the measures announced by the Chancellor would restore as much as 3 per cent of that lost competitiveness.

He suggested that overall the Budget was probably neutral on taxation.

On public expenditure, the Chancellor had been forced to make cuts in order to cover the recessionary costs, including the growing amounts paid out in unemployment benefit.

Mr Shore maintained that the Government's own forecasts of unemployment was likely to rise by at least another 300,000 during the course of 1982. Mr Shore argued that the message coming from the Budget was that the Government now regarded a total of 3m unemployed as normality for the immediate fall.

British people in the 1980s.

Although unemployment on this scale had been brought about by Government economic and monetarist policies, it appeared that it was intended to continue those policies into the indefinite future.

No-one in the Cabinet, from the Prime Minister downwards, had even a medium-term commitment to the restoration of full employment.

Mr Shore urged the adoption of Labour's alternative strategy with its emphasis on increasing demand.

Mr Brittan stressed that it had not been the main purpose of the Budget to provide a series of tax concessions to individuals.

The measures of assistance which the Chancellor had been able to announce were concentrated on industry and business in order to assist growth, assist the development of the economy and assist the recovery from the present levels of unemployment.

Mr Brittan confirmed that the Government expected some fall in unemployment before the end of March 1983, but accepted that there was no prospect of an immediate fall.

Jack Straw: tried to intervene

Leon Brittan: position undermined

Peter Shore: Budget fraud

Commons Sketch

Rab Butler joins pantheon of the great

LORD BUTLER of Saffron Walden—Rab Butler, who died on the eve of the Budget—was elevated to the pantheon of great parliamentarians in the Commons yesterday with polished tributes being paid to his memory.

Rab was above all the great master of ambiguity. So perhaps it was not surprising that the leading speakers, whatever their political viewpoint, confidently implied that he was one of their own.

Looking back on the Butler Budget of 30 years ago, Mrs Thatcher seemed to remember him as an early exponent of that financial prudence which is supposed to be the characteristic of the present-day monetarists.

Mr Michael Foot, the Opposition leader, chose to see him as the "original wet" of the Tory Party. The sort of chap who presumably would not be averse to the £2bn reduction being proposed by Mr Peter Shore, Labour's Shadow Chancellor.

Not surprising this, from a political-cum-author who in his book *Debt's Honour* almost managed to make Disraeli seem like a radical who would not have been out of place in today's Militant Tendency.

Naturally enough, Mr. Jo Grimond, speaking for the Liberals and their Social Democrat allies, was equally certain that Butler had been the great exponent of moderate, consensus politics.

His ideas put flesh on existing purely Scottish affairs which would prevent interference by Westminster.

Third, workable and fair methods would have to be established to minimise the conflict between the various levels of government.

Second, maximum freedom for the Scottish National Party proposals for devolution. Mr Jenkins, speaking to staff at the Scottish Council for Educational Technology, said Scotland would receive special treatment.

The Alliance was committed to the integrity of the United Kingdom and "our policy is to strengthen the political and economic unity of the kingdom by establishing a successful and effective system of decentralisation."

Mr Jenkins, who told reporters earlier this was not a prominent issue among electors he had spoken to, preferred to use the word "decentralisation." This was perhaps because he felt the more established word "devolution" had been muddled by the defeat of plans for devolution in the 1979 referendum.

"In my view, the way forward is through a system of development agencies backed by sufficient powers and finance to help indigenous industry with long-term potential."

In Scotland this would mean bodies such as the Scottish Development Agency having wide powers of planning with access to enough finance to have an impact on economic development.

Mr Foot took the House on a fascinating trip down memory lane, describing how he had advised Butler not to call his biography. The Art of the Possible but instead entitled it The Best Possible Prime Minister. With his usual modest courtesy, Rab had declined.

Mr Grimond saw Butler as the "patriot, scholar, and statesman" who was the major intellectual force that reshaped Conservative policy in post-war Britain.

Pointedly he recalled that he had concluded his 1952 Budget with the words: "We must now set forth braced and resolute to show the world we will regain our solvency and with it our national greatness."

Mr Foot took the House on a fascinating trip down memory lane, describing how he had advised Butler not to call his biography. The Art of the Possible but instead entitled it The Best Possible Prime Minister. With his usual modest courtesy, Rab had declined.

Mr Grimond saw Butler as the man who applied the teachings of Keynes to practical economics. He was "the patron saint of the doctrine of responsible capitalism and the mentor of those who try to manage the mixed economy."

He recalled a typical incident when he tried to invite a reluctant Rab to dinner on a Wednesday night. After inquisitively studying his diary, Butler replied obliquely: "If you had asked me on Tuesday, I could not have come."

As Mr Enoch Powell observed, the fellow was certainly the master of the backhanded compliment which became known as the "Rabism."

Turning up the old pages of Hansard, one finds in fact that Butler's much-discussed 1952 Budget bears uncanny resemblance to the Howe Budget which is now being debated by the Commons.

There were income-tax cuts of £2m-£3m which were offset by a reduction in food subsidies, a 7% increase in petrol duty, and a rise in the entertainment tax on cricket and football.

After vehement protests about the sports tax, Butler agreed to postpone the increase—but only until after the end of the cricket season. Now there's a Rabism for you.

Fire tests on prison bedding

Financial Times Reporter

SAFER mattresses and protective hoods are being tested by the Home Office in a bid to cut down fire risks in Britain's prisons. Lord Belstead, Home Office Under-Secretary, said yesterday.

His announcement came against the background of recommendations by an investigating panel to cut fire risks in mental hospitals.

Lord Belstead told the Lords that five different types of mattress more fire-resistant than polyurethane-foam and two types of protective hood which would be used by staff to rescue prisoners from smoke-filled cells were being tried out.

Cost of British citizenship to rise by £50

Jenkins outlines Scottish decentralisation plans

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THE COST of becoming a British citizen is to rise by a third, Mr William Whitelaw, Home Secretary, announced last night.

He told the Commons that from April 1, the fee for certificates of naturalisation granted to foreign nationals and the registration charge for Commonwealth citizens settled in Britain since January 1, 1973, would go up by £50 to £200.

Fees will also have to be paid when applications are made rather than when they have been approved.

The Alliance was committed to the integrity of the United Kingdom and "our policy is to strengthen the political and economic unity of the kingdom by establishing a successful and effective system of decentralisation."

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"In my view, the way forward is through a system of development agencies backed by sufficient powers and finance to help indigenous industry with long-term potential."

In Scotland this would mean bodies such as the Scottish Development Agency having wide powers of planning with access to enough finance to have an impact on economic development.

The fee for other forms of registration for adults, including women registered on the grounds of marriage to citizens of the UK and colonies, goes from £50 to £70 and the fee for children rises from £25 to £35.

Nationality fees were last changed in April 1980. The increases are intended to cover the cost of processing applications, and to ensure that the service is self-supporting.

Mr Whitelaw also hopes to reduce the time taken to deal with citizenship application.

Opponents of Lloyd's Bill to petition Lords

By John Moore, City Correspondent

OPPONENTS OF the Lloyd's Bill for improving the insurance market's self-regulation were yesterday planning the next stage in their campaign to force changes in the proposed legislation.

The Bill was given a Third Reading in the Commons on Tuesday. It now goes to the House of Lords, but one Lloyd's underwriting member, Mr Nick Parker, has already instructed parliamentary agents to draft a petition.

Mr Parker opposes the establishment of two electorates at Lloyd's for future voting in general elections. The Bill proposes that a new Lloyd's council should be formed of working and non-working members of the market. Neither category would be allowed to vote for or against a petition.

Another petition is planned by Alexander Bowden Group, the financial holding company which large Lloyd's broking and underwriting interests. Bowden is opposing the mandatory sale of brokers' shareholding links with underwriting interests and is expected to petition the Lords seeking modifications to the clause calling for divestment.

Mr Malcolm Pearson, chairman of a small Lloyd's broking company, is expected to petition against an immunity clause which will protect the new council from suits for damages by members of Lloyd's.

All the opponents of the Bill will have to ensure that their petitions are lodged with Parliament over the next 10 days under the procedures governing private Bills.

Back seat car belts considered

Financial Times Reporter

THE GOVERNMENT is considering whether back seat car belts should be fitted. Mrs Lynda Chalker, newly appointed Transport Junior Minister, told MPs at Question Time yesterday.

She said that in an accident, unbelted rear seat passengers could injure those sitting in front.

Mr Chalker said most new cars were provided with rear seat anchorage points and all cars produced after October 1981 were required to provide seat belts.

She had told MPs she hoped that legislation passed last summer making the wearing of front seat belts compulsory would take effect soon after Easter.

Mr Ian Lawrence (Con, Burton) asked Mrs Chalker whether she was aware that the Medical Commission had recommended so few exemptions to the wearing of seat belts that the public would be "inflitrated."

He asked if she would give "urgent consideration" to exempting driving instructors while they were instructing.

Mrs Chalker said she would look into this.

Prior hopes for Haughey meeting on Ulster soon

FINANCIAL TIMES REPORTER

MR JAMES PRIOR, Northern Ireland Secretary, wants to meet Mr Charles Haughey, the new Irish Prime Minister, "as soon as possible" to continue the Anglo-Irish talks.

This follows Mr Haughey's announcement in the *Dail* (parliament) that solving Northern Ireland's problems would be his Government's first priority.

Mr Prior said yesterday that he would have none of the secrecy which surrounded talks between the two governments when Mr Haughey was last in power.

"I think it is tremendously important that all these talks should be conducted in a very open manner. I don't want to see any secrecy surrounding them," Mr Prior said during a tour of Co. Down.

It was "the secrecy surrounding the original talks with Mr Haughey that perhaps gave Mr Haughey a wrong impression in the North and caused the fears that were there."

He hoped his meeting with Mr Haughey would be "fairly soon."

The news blackout on details of the London talks and the two governments' differing interpretations on their importance in relation to Northern Ireland led to Loyalist claims of a British Government sell-out.

The outlawed protestant paramilitary Ulster Volunteer Force has warned that it would "take steps" to ensure Mr Haughey's reign was "short lived" if he meddled in Northern Ireland's affairs.

Discussions on joint economic services have continued at civil service level and resulted in proposals on energy. It is suggested Irish natural gas be piped across the border to Northern Ireland in return for electricity.

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After vehement protests about the sports tax, Butler agreed to postpone the increase—but only until after the end of the cricket season. Now there's a Rabism for you.

John Hunt

Whitelaw announces Terrorism Act review

BY MARGARET VAN HATTEM, POLITICAL STAFF

THE GOVERNMENT is to set up a review of the Prevention of Terrorism Act similar to that carried out by Lord Shackleton in 1978, which could lead to a relaxation of the provisions under which suspected terrorists may be detained.

Mr William Whitelaw, Home Secretary, announced the review yesterday in a written answer to a Parliamentary question. He was expected to give details of the review, such as who will carry it out and the terms of reference, during a Commons debate later this month when the Act comes up for renewal.

The Act was introduced in 1974 after the Birmingham pub bombings, and is renewed annually. It lapses on March 24.

This year, many Labour members are to oppose its renewal on the grounds that sufficient provisions to deal with terrorists are contained in other legislation, such as the Emergency Provisions Act, and that

only 377 of these have been charged with offences, only 92 with offences specifically under the Act, and only 75 convicted.

Mr Roy Hattersley, the shadow Home Secretary, has already signalled that he will oppose the Act's renewal, in line with decisions taken at last year's Labour Party conference.

In announcing the review, Mr Whitelaw is clearly trying to defuse Labour's opposition, and appeared yesterday to have had some success. While the Government has no intention of dropping the Act altogether, it may be prepared to relax certain measures.

Recent successes in uncovering IRA activities in Northern Ireland, heavily assisted by IRA informants and with the co-operation of the Dublin Government, may encourage the Government to take a more relaxed attitude to some of the Act's more draconian provisions.



William Whitelaw review intended to defuse opposition

How the arithmetic can mean all things to all men

IN THE few minutes between "Jazz in Britain" and a Sibelius concert at 11 pm on Tuesday, BBC Radio Three informed listeners that the Chancellor had raised the cost of petrol, drinking alcoholic liquor and smoking.

This was the lead item of a news bulletin, which if it mentioned the word "inflation" or "indexation" at all, certainly did nothing to explain the way that budget arithmetic has to be measured against a moving scale of rising prices.

In fact, the Chancellor reduced the cost of drinking, smoking and petrol in real terms because he raised excise duties by somewhat less than the going rate of inflation.

This is a simple point perhaps, but it illustrates a widespread confusion about what

the Budget figures actually mean.

This year the confusion appears to have been deliberately fostered by the way in which the Treasury has done its arithmetic. This was the failure to mention anywhere in the Financial Statement—FSR—(or in the Chancellor's speech) that employees' national insurance contributions are actually going up in April.

This increase, which is the equivalent of raising income tax enough to bring in £1bn was announced last December at the time of the expenditure review. From the public's point of view, however, it is a revenue raising measure and as such needs to be considered alongside the other taxation measures announced in the Budget.

The question of how to treat this "missing £1bn" together with differing ideas about the significance of indexation, can lead to widely differing perceptions about what the Budget actually did.

At one extreme it is possible to say that the Chancellor "gave away" tax concessions worth £3.5bn. At the other extreme it can be said total tax concessions were worth only £1.5bn.

Both these figures are correct and are derived directly from

official figures. Which you choose depends only on the definitions you favour.

Yet another and perhaps more comprehensive way of looking at the Budget would be to say that public sector borrowing is scheduled to fall by £1bn (or 4 per cent of output) next year, thus tightening the fiscal stance.

The larger figure (£3.485bn to be precise) is the Treasury's estimate of the effect in the full year of all the tax changes compared with the tax revenues which the Government would have received if all rates and duties had stayed at the same rates.

This is the traditional way in which the British have looked at their Budgets during the 25 years since World War II: at any time in the 1960s and 1970s, headline writers would have been unanimous that

"Chancellor gives away £34bn."

However perceptions—and the law—have changed, mainly as a result of the high inflation rates of the 1970s.

Now, even if the Chancellor merely stood up and said: "I make no changes this year" his income tax revenue would automatically be about £2bn (in current values) less than it otherwise would have been because of the famous "Rooker-Wise" amendment to the 1977 Finance Bill. This said income tax thresholds must be raised in line with inflation unless Parliament specifically decides otherwise.

The Treasury countered with its "conventional assumption" that excise duties will also rise in line with inflation unless the Chancellor decides otherwise.

These two assumptions,

which make the tax system fully indexed, provide a new baseline for revenue calculations which is now becoming more accepted.

Starting from this base, the FSR calculates the direct effect of Tuesday's Budget on 1982-83 revenues will be £1.555bn. Against this should be set £360m which will be clawed back from the public sector to offset the cut in the National Insurance Surcharge.

This "give-away" figure can be cut by a further £1bn to account for the raising of employees' national insurance contributions. On these assumptions the total tax give-away is only £1.95m—a negligible sum compared with total national income expected to be £280bn.

These are not just games with numbers: they help to explain how a modern Budget can

be sold in very different packages to different groups. To the Tory wets, it can be shown as mildly inflationary, while to the City it can be presented as very tight.

Against this it must be said that the new emphasis of planning public expenditure in cash terms raises many fruitful areas for confusion. The cash plans for future years' spending are based on somewhat arbitrary inflation assumptions, but are not indexed. Revenues, on the other hand, will rise automatically with inflation.

As a result it will become more difficult than in the past to estimate a Budget stance in "real terms." Every cash figure mentioned needs always to be measured against the steadily shrinking value of the pound. The only remedy is alertness.

consistent. However there has been a general move for some time to regard an indexed base as more realistic for assessing changes.

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Max Wilkinson

INDUSTRY

The lion's share of the concessions

TWO major policy decisions lie behind provisions for aid to industry contained in the Budget and in the public expenditure plans published this week.

The first is a reluctant acceptance by the Treasury that the recession has eaten far more deeply into nationalised industries than had been expected.

As a result the industries are far less ready than had been hoped to finance their requirements from their own resources. They are now budgeted to cost the Government a total of £5.3bn in external financing during the next two years instead of the mere £800m estimated last year.

The second is an acceptance of the Industry Department's wish to increase its expenditure on high technology, small businesses, and other forms of profitable industrial development while at the same time decreasing its expenditure on the same ducks such as EL, British Steel and British Ship-builders.

The £130m innovation package announced in the Budget for space, electronic and engineering development is a first step in this direction. It was greeted enthusiastically yesterday by Mr Patrick Jenkin, Industry Secretary. He said he had told Sir Geoffrey Howe, Chancellor of the Exchequer, at the Cabinet meeting just before the Budget speech was made that he had "done us very well indeed."

Mr Jenkin estimated that two-thirds of the Budget's concessions (excluding index linking of tax allowances) went to industry if one included his

£130m package. But the overwhelming factor to emerge is the continued cost of the state-owned industries to the Government which had not been allowed for in previous estimates.

It had been hoped a year ago, for example, that the nationalised industries would require only £1.7bn of external finance in the current year because of the industries' expected ability to generate sufficient internally to cover the rest of their £6.5bn total capital requirements.

But it has now emerged that finance totalling £3.4bn is needed on a broadly comparable basis of estimating.

Similarly, the previous estimate of £700m for 1982-83 has been raised to £2.7bn and the 1983-84 estimate from £100m to £2.6bn.

But some nationalised industry chairmen last night doubted if even these higher figures would be sufficient. They thought there might not be a sufficient improvement in their industries' performance for the total resources generated internally to rise from £3.1bn this year to the £5bn now budgeted for next year, followed by £5.5bn in 1983-84 and £6.8bn in 1984-85.

These estimates have been prepared by the Treasury on the basis of detailed but unpublished assumptions of improved consumer demand, productivity and other commercial changes.

The problems of supporting the state-owned industries is also illustrated by the Industry Department's own budget which has been budgeted at £353m.

1980-81 to £2.1bn in the current year, partly because of heavy spending on lame ducks such as EL and Rolls-Royce and on British Steel redundancies payments.

But the Government is still sticking to its plans for a faster cut in this support than in the mainly nationalised industries. Having spent £389m in 1980-81 and £1bn this year on the broad lame duck category, it is budgeting £160m in 1982-83 and then a nominal £60m in the following year with nothing even vaguely estimated publicly for 1983-84 even though Rolls-Royce is expected to need extra support in addition to the £91m it has been allocated for 1982-83.

This cut goes a long way to contributing to an overall reduction in the Department's budget from the £2.1bn in the current year to £1.4bn in 1982-83, £1.8bn in 1983-84 and £2.6bn in 1984-85.

Part of the large increase in the Budget between 1980-81 and 1981-82 was also caused by a sharp rise in automatic regional development grant payments which the Department had dramatically under-estimated.

Compared with a payment of £47.4m in 1980-81, the 1981-82 total is £50.8m. This has been partly caused by departmental processing of grant applications being speeded up as a result of Whitehall efficiency exercises. About 14 months' payments had to be made in 12 months.

But the figure was also swelled by grants being paid on some major projects such as Ford Motor's Bridgend factory in Wales.

The figure for 1982-83 has been budgeted at £353m.

John Elliott

SPACE, OPTICAL COMMUNICATIONS

Funds for research into satellite sensors

THE Industry Department is to increase its support for space technology by £5m annually for the next three years. It will also step up funding for research work on optical fibre communications and optoelectronics.

Mr Patrick Jenkin, Industry Secretary, said much of the additional space spending would be used to back research into remote sensing devices, which enable satellites to gather information about activities on earth.

The devices have a wide range of scientific and commercial applications, including assistance for meteorological forecasting, maritime navigation and agriculture and the detection of movements of shoals of fish.

The Government now spends

£77m a year on space projects. Most of the money goes to the European Space Agency. The UK has a one-third share in L-Sat, the agency's £220m planned direct broadcasting satellite, which is due to be launched in 1986.

Mr Kenneth Baker, Information Technology Minister at the Industry Department, said some of the funds for remote sensing would probably go to ESA. But he expected the proportion of the Government's space budget spent in Britain to rise slightly.

Mr Jenkin indicated that he expected a sizeable share of the financing for future commercial satellite projects to come from the private sector. British Aerospace, GEC-Marconi and British Telecom recently announced plans for a £150m

part of the money has been allocated for individual projects.

The Department said yesterday that it wanted to encourage more collaborative ventures between companies, particularly in the field of optoelectronics, the technology used to transmit and display information in the form of light.

British Telecom has been pressing for closer collaboration between Britain's three principal manufacturers of optical fibres—BICC, the General Electric Company and Standard Telephones and Cables. Joint activities could lead to a reduction in the price for the optical fibres which British Telecom plans to install in its national telecommunications network.

Guy de Jonquieres

INTERNATIONAL IMPLICATIONS

Why index-linking arouses suspicion

Geoffrey's good intentions, there are several reasons why the Treasury's innovation may incite some suspicion abroad.

Some of the more conservative EEC countries are implacable opponents of indexation of savings instruments. West Germany, in particular, sees this as the thin end of the wedge which could lead eventually to institutionising inflation in the economic system.

The stern views on this subject of the West German central bank, the Bundesbank, are similar to those of the Bank of England. Mr Gordon Richardson, the Bank's Governor, has made no secret of his distaste for the opening up to all-comers of index-linked government bonds. This is certainly a bold stroke.

All the same, Sir Geoffrey Howe probably would not welcome being reminded that a still earlier pioneer in the field of index-linking was the Communist Chinese Government after the 1949 revolution. By introducing widespread indexation of wages, savings and government payments in the early 1950s, the Peking Government was trying to insulate the country from the effects of inflation—a course which has since been followed by countries as far apart as Brazil and Israel.

Sir Geoffrey, of course, is trying to do the opposite. His line is that the Conservatives' commitment to squeeze out inflation will be taken all the more seriously if the Treasury slackens its issue of long-term high coupon conventional stocks and instead launches bonds with interest rates linked to the (hopefully, declining) rate of inflation.

However, despite Sir

Geoffrey's good intentions, there are several reasons why the Treasury's innovation may incite some suspicion abroad.

Foreign exchange dealers yesterday commented that the index-linking move was helping to buoy sterling, compensating for the unfavourable impact of the sharp raising of the Government's monetary targets. Foreign investors were among the flood of buyers of unrestricted indexed stocks yesterday morning.

Middle East central banks and government agencies, which are bound to see inflation-prone sterling investments as safe assets for the bottom drawer of their reserves, may take longer to move into the market. Some glib-edged dealers yesterday felt such buyers were more likely to favour the new shorter term indexed issue which goes on offer at tender on March 18.

By giving foreign investors access to inflation-proof bonds—the only major country to do so—Britain has taken an important measure to shield sterling from downward pressure on the exchange markets.

This is welcome to a Government trying to sustain the anti-inflation effect of a strong pound. But it may be greeted unfavourably by foreign governments also trying to keep their currencies firm. Some countries, such as France, Ireland and Italy, which are trying to withstand pressures for devaluation, may become

more exposed to selling on the exchanges as a result of Sir Geoffrey's move.

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JOBS COLUMN

Where 'friends' truly mean more than money

BY MICHAEL DIXON

"YOU WANT to know how many jobs for skilled people we have vacant," the man said slowly. He pondered for some seconds then continued: "The number must be 2m. I think, approximately you know."

Before readers reach for pen and paper ready to start applying, there is something that they too should know. The vacancies are in the Soviet Union where the Jobs Column has spent the past fortnight visiting Moscow, Tbilisi in Georgia, Riga in Latvia, and Leningrad. When covering so much ground in so little time it is impossible to form more than sketchy impressions, based much on hearsay. Nevertheless certain definite patterns seemed to emerge.

One was that everywhere people met officially mentioned the United Kingdom's high unemployment. They usually contrasted it, sometimes with the trace of a smug smile, with what they represented as the Soviet Republics' plethora of opportunities for human skills.

But I was not confined to official conversations, for I speak not only Russian but Georgian and Latvian as well. Admittedly I know no more than half a dozen phrases in each language—please, thank you, all the best, I'm sorry, and variants of hello and bye-bye. But that proved enough to generate a good deal of information.

For example, when I was

standing wondering where to walk next in Tbilisi a man came up and said something incomprehensible. He was stocky and white dressed like a professional person, had an aggressive eye and a fierce moustache. So I gave him the Georgian formula for good-morning and, since his eyes only narrowed, added all the best! If he had continued to glower, I would have thrown in the I'm sorry for good measure, followed smartly with bye-bye.

But he didn't. Instead he broke into a wide smile and, leaning nearer, asked: "Are you English?" When I nodded, he said: "Come, we'll walk and talk a little." And we continued walking and talking even after I had assured him that I was not carrying any sterling or United States dollars.

"You have much unemployment in England," he said. "But we have none in the Soviet Union." Thereupon I naturally expected a replay of the superiority tape. But it was not to be.

"The reason is simple," he went on. "For every job we have four people. One sleeps. The next does the work. The third undoes what the second has done. And the fourth does it again."

So it seems that the Soviet Union's alternative to severe unemployment is overemployment which may well be even more severe. For it exists

alongside critical shortages of skilled workers, particularly those who are both bright and young.

The problem is partly unavoidable because youngsters due to start work in the next few years are the children of an age group itself thinned cruelly by the Second World War. But the shortages are exacerbated by other factors, not the least of them the continuation of two years compulsory military service for young men.

The authorities try to counter the problem in various ways. For instance, squads of soldiers can be seen doing municipal work such as laying cables on a scale which, if copied over here, would be resented, to say the least, by the National Union of Public Employees.

Bonuses

Bonuses of up to 30 per cent of salary are offered to workers who, by acquiring extra skills, enable their department to function with fewer people. All workers deemed capable of it are required to undergo further training courses regularly every few years.

Efforts are in hand to improve the attractiveness to young teenagers of the vocational schools, which in addition to providing general education in the set State curriculum,

train students in dressmaking, machinery operations and hundreds of other similar activities. This is the only form of teaching which since 1965 has gained an increased share of the Soviet Union's gross national product—up from 0.8 to 0.9 per cent.

Propaganda as well as improvements in the material conditions of the vocational schools and their students seem to be increasing these schools' intakes and outputs.

Doctors and teachers who are predominantly women, and engineers and such who remain predominantly men (there seems to be no nonsense about abolishing sex-stereotyping in Soviet society) do fairly well to have a salary of 200 roubles a month. At the official exchange rate that is around £160 and while rents and so on are very low, the costs of adult clothing and food are high. By contrast, workers in the mines, on farms and the like can earn up to twice as much.

So what explains the persistence of the more academically inclined youth for what the West would call middle-class occupations? I asked my Georgian friend.

Well, he replied, such jobs were more satisfying to a thinking type of person. They also offered greater opportunity to find work in a wider variety of places in the USSR, or even outside it where a two-year tour can result in savings sufficient to buy a car and a co-operative

dwelling rather than one rented from the State with virtually no right to continuing tenure.

Then for a man who took a degree course and did part-time army training, there was the advantage of doing his military service as an officer. Women with higher education were more in demand on the marriage market.

And there was something else, I was told. A careful look at the weight of young people's applications for different kinds of higher educational courses would show significant changes since 1965. At that time there were many applicants for student places in engineering and science, and few for the institutions which train people for commercial jobs such as retail management. Today the balance is in the other way round. In addition, dentistry seems to be far preferred to medicine as a career.

"Look," the man added, pulling from his plastic bag a newly bought dressing gown. "That is for my dentist because I care for my teeth. Putting it back, he then produced a big box of chocolates. "That is for the head of the food department in my neighbourhood store. For most of us, the things we want cannot be bought with the money we're paid. So we have a saying: 'What matter how few your roubles if you have many friends'."

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Corporate Finance

Our Corporate Advisory Division continues to expand and we are seeking two additional executives with the potential to make a significant contribution to our business.

Applicants aged between 24 and 30 should be qualified accountants or lawyers with a City firm or alternatively have experience in Corporate Finance with a merchant bank.

Successful applicants will be offered an attractive salary and benefits package coupled with excellent prospects.

Applications, with a concise curriculum vitae, should be sent in strictest confidence to:

S R Metcalf, Director,
County Bank Limited, 11 Old Broad Street,
London EC2N 1BB

COUNTY
BANK

GROUP MANAGEMENT ACCOUNTANT

c. £12,500 + car

Our client is a highly successful public company and a leader in the UK and international holiday business.

This position has been created to assist in the control of expansion in a volatile and competitive market. Specific responsibility is for the preparation, presentation and analysis of all management accounting information involving close liaison with financial and operating departments. The role calls for considerable initiative and the ability to respond quickly to changing situations.

Applicants should be qualified accountants whose experience is relevant to a fast moving consumer oriented operation requiring concise reporting and precise control.

Please address brief personal and career details, in confidence, to Douglas G Mizon (ref FT162M) at the address below.

E&W

Ernest & Whitney Management Consultants
57 Chiswell Street, London EC1Y 4SY

International Banking Systems

GEISCO is one of the world's leading suppliers of computer services and software to international banks. Our Mark III Computer Network spans 30 countries across five continents and is ideally suited to international banking business requirements. Just as foreign exchange and money markets continue worldwide around the clock, so does GEISCO's Mark III service.

We are presently expanding our International Banking Services team on a worldwide basis, resulting in the following senior opportunities for international banking professionals.

European Marketing Manager

At present you will probably be working in a marketing or sales management role with a supplier of international banking systems or services. Reporting to the European Marketing Manager you will be based in Kingston although extensive travel in both Europe and the USA will be involved. This is a position that will have high visibility within the company and demands considerable marketing flair, initiative and drive. You will probably hold a professional banking qualification together with some experience of international operations gained in a major bank.

U.K. Account Consultant

Based in our London offices you will be maintaining our front line customer service and support. Your background in the international banking environment will be crucial to successful liaison with clients at all levels. You will be handling a number of U.K. and international banking customers, responsible for both their general management and business development. You'll be aged 25 plus, qualified to at least AIB or equivalent level and possess a sound understanding of international banking operations. Experience in foreign exchange would be particularly desirable. Opportunities for future development, perhaps internationally, are literally what you make of them.

Banking Systems Consultant

You will have 3-4 years' experience in systems design and/or implementation (preferably IBM) gained either in a software house or bank. Additionally you will have a sound understanding of banking systems operations coupled with a thorough technical knowledge. You will be analysing hardware and software requirements and subsequently modifying and updating existing packages.

In all cases salaries are unlikely to prove a barrier to the right candidates and an excellent benefits package includes a company car and relocation assistance where appropriate. For an introduction to these positive career positions, initially contact, Neil Macmillan as adviser to the company, on (0992) 552552, alternatively send full personal and career details to him at Macmillan Woolf Personnel Consultants, The Old Vaults, Parliament Square, Hereford SG14 1PU.

GEISCO
GENERAL ELECTRIC

TWO STRATEGIC ANALYSTS

International scope

This quoted British group with extensive UK and overseas interests has achieved conspicuous profit growth both internally and by acquisition. The corporate headquarters, located in the Southern Home Counties, includes a high calibre financial, economic and business staff intimately involved in the control and creative decision making of the group.

This powerful team, reporting at board level, appraise business situations and work on a wide variety of projects, including acquisitions, in markets both at home and overseas. Their task is to play a practical role in group planning and development, and to assist in the implementation of resulting decisions.

The senior position is for someone aged mid-to-late twenties with several years' relevant industrial and/or commercial experience. Candidates must be able to start, develop and control projects on their own initiative, supervising others as necessary.

The second vacancy offers an opportunity for an outstanding younger person, possibly a recent graduate or with some business experience, wishing to develop a career in this area. Both vacancies provide substantial career development prospects in a financial or marketing oriented environment, from which recent promotions have created the current opportunities.

All candidates must have very good degrees (MBA perhaps) and be numerate, articulate and be able to make high level written and verbal presentations, yet at the same time exhibit common sense and a practical approach to the analysis and solution of problems.

Attractive and flexible salaries are negotiable and the normal large group benefits include comprehensive relocation assistance.

Please send a full career history, in total confidence to: Giles Foy, quoting reference 791/FT, Craillfern Corporate Consultants Limited, 2 Berkeley Square, London W1X 5HG. Tel: 01-629 0682.

CRAILFERN
CORPORATE
CONSULTANTS

Executive Selection Division

BANKING

Commercial Bank of Wales PLC is an expanding regionally based Recognised Bank providing a wide range of banking services. Due to continued growth of business we are now seeking two men or women of high calibre with relevant experience in domestic and overseas banking. Successful candidates should exhibit good administrative, marketing and communications skills.

Remuneration will be at levels which will be attractive to suitably qualified candidates—preferably A.I.B.'s together with benefits which include a company car and concessionary mortgage facilities.

Manager — Branch Office

A sound banking background with first hand experience of personal and corporate lending, together with detailed knowledge of the law and practice relating to domestic banking in the United Kingdom. Candidates will be required to assume full operational responsibility for one or more Branch offices.

Applications for this position are invited from persons aged 28-40 with a minimum of ten years experience.

Manager — Overseas Department

A detailed knowledge of commercial foreign business; in particular Documentary Letters of Credit, Collections, Bonds and Guarantees. Candidates will be required to assume full responsibility for the administration and development of the Bank's commercial foreign department in Cardiff.

Applications for this position are invited from persons aged 34-40 with a minimum of ten years experience.

Written applications, including a curriculum vitae should be sent to: N. Thornton, General Manager, Commercial Bank of Wales PLC, 114-116 St. Mary Street, Cardiff CF1 1XJ.

BANC MASNACHOL CYMRU

**Commercial
Bank of Wales**
PUBLIC LIMITED COMPANY



Institutional Sales

Gilbert Elliott & Co., a wholly institutional firm of stockbrokers, seeks a young salesperson with a particular interest in retailing for their fast-expanding equity department.

The successful candidate (25-35) will already have several years' experience servicing institutional clients and be self-motivated. He, or she, will be well rewarded and have extremely good prospects in a progressive and professional firm.

Apply in complete confidence to:
Peter Mills (Head of Equity Department)
GILBERT ELLIOTT & CO.
381, Salisbury House, London Wall
London EC2M 5SB
(Telephone No. 01-623 6782)

Managing Director Financial Futures

ManTrad Limited is a company which has recently been established by The English Association Group PLC, E D & F Man Limited, Anderson Man Limited and Tradition (London Brokers) Limited. ManTrad will act as a broker in financial futures on LIFFE and the Chicago Exchanges.

The board of ManTrad now wishes to appoint a Managing Director. Aged 35-45, candidates will report to the board based in London and have the ability to direct a company which will be small in numbers of employees but large and international in its transactions. The successful candidate will probably come from a bank, a discount house or a money broker and must have experience in the financial markets comprising deposits, money market instruments or foreign exchange.

The remuneration package, which will reflect the importance of the position and the calibre of the individual required, is fully open to negotiation. There will be the usual fringe benefits including a profit-related bonus.

Please write in confidence to Nigel Halsey, quoting ref. 4103/L, 165 Queen Victoria Street, Blackfriars, London, EC4V 3PD. Alternatively, telephone him on 01-236 8000 Ext. 2549.

Peat, Marwick, Mitchell & Co.
Executive Selection Division

Consumer Marketing Professionals

General Management opportunity with U.B.
Age 28-35

U.B. (Biscuits) Ltd. is at the centre of a rapidly expanding group whose brand names include McVitie's, K.P., Wimpy and Terry's. With planned growth over the next few years, this developing business will need new people at senior management level.

U.B. (Biscuits) requires a Business Development Controller to manage brand and new category development. They will only appoint someone who is seen to have general management potential and the ability to become a Director within this major business. The financial rewards for such an appointment would be considerable.

If you are interested and would like to take this further, contact John Stork & Partners, 10 Haymarket, London SW1Y 4BP quoting ref. STNC. John Stork & Partners are international management consultants and can review the opportunity with you in complete confidence. You must be graduate-ability with an all-round grasp of business based primarily on an excellent record of success in f.m.c.g. marketing. Grocery, food and N.P.D. experience would be an advantage. The appointment is open to both men and women.

UB United Biscuits

Executive Selection Consultants

up to £15,000

Price Waterhouse Associates offer opportunities in their London office for experienced recruitment specialists to supplement their expanding Human Resources consultancy team.

The appointments provide an opportunity to join an existing team engaged on executive selection assignments. Candidates should offer substantial experience in the recruitment and selection of executives in the middle and upper salary brackets.

Applications are invited from candidates with:

- a minimum of 3 years executive selection in a progressive company
- experience in the use of selection techniques
- a degree and/or membership of the Institute of Personnel Management.

Age is not a critical factor, but it is unlikely that candidates aged less than 30 will have the necessary experience to discharge the responsibilities envisaged. Opportunities for advancement within Price Waterhouse Associates are good and are limited solely by the individuals own achievements. A continuous training programme is provided to assist in personal development.

Candidates, male or female, should write for a personal history form to Michael R. Andrews, Executive Selection Division, Southwark Towers, 33 London Bridge Street, London SE1 9SY quoting reference MCS/7058 or by telephoning Michael Andrews Marlowe 670363 between 8 p.m./10 p.m., daily.

P.
Price
WATERHOUSE
Associates

BUSINESS DEVELOPMENT MANAGER £20-23,000

Our client, a London based International bank, seek a banker with a proven track record in business development.

Applicants should be aged in their late twenties to late thirties. While a formal business/banking qualification is desirable, fluency in both French and English is essential.

The position entails marketing the services of the Bank, to new and existing clients, in Africa, France and the U.K.

To achieve the above, experience should be as follows:-

- * Experience of business development in French speaking Africa.
- * Credit and trade related transactions including letters of credit and ECGD.
- * The ability to formulate and implement a business development strategy in conjunction with senior management.

A comprehensive range of benefits apply, including a company car and low cost mortgage.

Please telephone or send detailed C.V. to Brian Gooch or Diana Warner
Jonathan Wren BANK RECRUITMENT CONSULTANTS
170 Bishopsgate - London EC2M 4LX - 01 623 1266

Eurobond Sales

Samuel Montagu is continuing to expand its successful International Capital Markets Division and now seeks an individual to assist in its placement activities.

Applicants should have had at least 3 years' Eurobond sales experience or of dealing in US\$ Fixed and Floating Rate Instruments and will ideally have a good command of French, German or Spanish. The position will be based in London but overseas travel will be required.

The successful candidate will be offered a competitive salary together with the usual substantial benefits available in a major Merchant Bank.

Please reply, in confidence, with full relevant details including remuneration, to T.J.B. Locker:

Samuel Montagu & Co. Limited
114 Old Broad Street, London EC2P 2HY



ECONOMIST

To assist Chief Executive of leading international Group
To £20,000. London W.1.

The Group is a progressive science based organisation with an enviable reputation, a sound profit record and a commitment to continued growth internationally.

The role is wide ranging but is essentially to undertake financial and economic analyses in an international context and to communicate lucidly and effectively both in terms of written reports and verbally.

Candidates (either sex) should write to S.W.J. Adamson FCA, Director, Grosvenor Stewart Limited, 117 George Street, London W1H 5TB, or ring for an application form on 0462 55303.



GROSVENOR STEWART
International Recruitment Consultants
London Brussels Frankfurt

Managing Director North West over £25,000

Our client is a manufacturer of, and a trader in, a diverse range of textile products with sales of around £20m.

A Managing Director is required to take full profit responsibility for the main trading activities and to play an important role in shaping the future policy of the company.

Candidates will probably be aged about 40 and have a consistent record of success in Senior Executive positions. Experience of marketing consumer goods would be a distinct advantage.

Salary is negotiable and there are significant additional benefits.

Please write to Michael Hinds, in confidence, with full details of qualifications, career and remuneration, or telephone for a personal history form, quoting Reference No. 1041.

IHR Associates Limited, 38-40 Kennedy Street, Manchester, M60 2BP. Tel: 061-236 2243.

IHR IHR Associates Limited

BANKING APPOINTMENTS

DEALERS ASSISTANT (BULLION) c. £10,000

Our client, a major and respected European bank is currently looking to recruit a person 21-25 with at least three years exposure of the bullion market covering settlements, positions etc.

The successful applicant will commence as an assistant to a highly professional team of bullion dealers.

Please contact Brenda Shepherd

MANAGER - LOANS ADMINISTRATION c. £12,500

Opportunity to take over this busy department in an American Bank. The successful candidate will have in-depth experience of loans administration, obvious man-management skills, the ability to solve problems and work easily under pressure. Age 27-35.

Please contact David Little

EXPORT FINANCE to £12,000

A major bank has a vacancy for an experienced banker who is thoroughly conversant in medium term buyer and supplier credits.

This would be for an administration role but would involve considerable client contact and negotiating with ECGD etc., a knowledge of documentation would be an advantage. Age 25-30.

Please contact Brian Gooch

Jonathan Wren BANK RECRUITMENT CONSULTANTS
170 Bishopsgate - London EC2M 4LX - 01 623 1266

TRAINEE INTERBANK BROKER

with Stock Exchange or similar background, good academic standing. Please contact Sheila Anketell-Jones 01-236 0731

Q.S. Banking

Recruitment Consultants
30-31 QUEEN STREET, LONDON EC4

BUSINESS CONSULTANCY

Seeks mature, numerate and articulate graduates with some experience in corporate finance research and report writing. Backgrounds in law, English or economics an advantage. Send full cv to

Box A7789,
Financial Times,
10, Cannon Street, EC4P 4BY.

SECURITIES CLERK

Clerk, responsible for Stocks Department of Merchant Bank. A high level educational standard and all-round stocks & shares knowledge desirable. Salary negotiable in accordance with qualifications and experience. Applications with full cv to:

Box A7786, Financial Times
10 Cannon Street, EC4P 4BY

Career Opportunities in International Finance

Nomura International Limited, with its headquarters in London, is the principal overseas subsidiary of Nomura Securities, Japan's leading financial institution. Nomura's worldwide network covers many areas such as investments in Japanese securities; financing for governments, international organisations and corporations; as well as the full range of financial and investment services.

Our international business continues to expand and we now wish to appoint key executives in the sales and marketing of a wide range of investment instruments.

Equity Sales

The position will suit applicants aged 23-28 who have a knowledge of the Japanese stock market and the ability to provide institutional clients with in-depth research and advisory services.

Stock/Bond Trading

Applicants aged 22-28 should have sound experience in the trading of equities, convertibles, fixed income securities and other money market instruments, and have the ability to identify and develop new areas of business.

Bond Sales

Candidates should be aged between 24-29 and have gained experience in the marketing of fixed interest securities and providing institutional investors with ways of diversifying portfolios.

These challenging opportunities will suit candidates who have the potential to make a significant contribution in a demanding environment and the salary package will reflect the importance of these appointments.

Please send a full curriculum vitae to Keith Cuthbertson, Personnel Manager, Nomura International Limited, 3 Gracechurch Street, London EC3V 0AD.

NOMURA

Institutional Sales

U.K. to Europe

£12,000 to £22,000

Our client is a major U.K. firm of Stockbrokers who have gained an excellent reputation through professionalism. In addition to considerable Corporate, Private Client, and Gilt business they have developed a first class equity research product. The firm now seeks a high calibre individual to play an important role in the further development of their European activities.

The successful candidate will be aged 25 to 32, with a sound track record in U.K. equity institutional sales. Experience of advising European clients and a knowledge of French and/or German will be an advantage, but not essential.

The position will involve working closely with the European partner in servicing and developing business in France, Germany, Switzerland and Holland. It is envisaged that this will appeal to an ambitious person who now seeks greater scope through joining a small expanding team in a leading firm.

Please contact F.J. Stephens or S.J. Embleton who will treat all enquiries in the strictest of confidence.

Stephens Associates
International Recruitment Consultants

44 Carter Lane, London EC4V 5BX, 01-236 7207

Lending to the Far East

c. £20,000 + Benefits

Our clients, a leading Accepting House, wish to employ an individual of exceptional ability at Assistant Director level in their team responsible for lending to the Far East, India and Australasia.

In addition to the lending role, this person will also have responsibility for marketing the full range of financial services offered by the bank. While based in London, considerable travel will be involved. Candidates will be aged 27 to 35 and have had several years' experience of international lending and a sound credit analysis background. They must have the style and presence to carry the name and authority of the bank and also be sufficiently accomplished technically to arrange the implementation of transactions negotiated. Familiarity with Australasia and India would be a strong advantage.

This is a responsible and demanding post which would suit an ambitious, personable and intelligent individual who is prepared to work extremely hard for a bank which will recognise and reward effort.

Please contact Edward Dawney

Philippa Rose & Partners Limited

18 Eldon Street, London EC2M 7LA

Telephone: 01-588 5196

PRP

BARCLAYS MERCHANT BANK CORPORATE ADVICE

Continued growth of the Corporate Advice activity has resulted in vacancies for additional executives. The ideal candidates will be aged 26-32, have relevant professional qualifications and have had at least two years' merchant banking experience.

Applicants should write, enclosing a curriculum vitae, to:

The Staff Director
PO Box 188
15/16 Gracechurch Street
London EC3

BARCLAYS

Managing Director

North Midlands • Negotiable around £20,000

for a profitable £6m. turnover company (employing some 400 people and part of a successful public group) supplying ranges of products to a variety of leisure and other outlets.

The MD's priorities are to create and exploit new marketing opportunities, to ensure efficiency levels that win orders at good margins and to provide front-line leadership to accelerate business growth.

Suitable candidates, male or female, age middle 30s to early 40s, are likely to be graduates and certain to be numerate. They must already be at or near to general management level and profit accountable in manufacturing companies with a broad customer base.

Salary negotiable plus added value bonus; excellent benefits including car and relocation help.

**Bull
Holmes**

PERSONNEL ADVISERS

Please write in confidence with relevant career details to D.A.

Ravenscroft at Bull, Holmes (Management) Limited, 45 Albemarle Street, London W1X 3FE.

Appointments, Advertising

Appears Every Thursday

Rate £29.00 Per Single Column Centimetre

INVESTMENT ANALYST

LAURENCE, PRUST is expanding its overseas research department and wishes to employ an investment analyst who would specialise in Malaysia and Singapore, and particularly in the industrial companies and banks. The successful candidate will almost certainly be a graduate under 30 and will have a high degree of expertise in investment analysis. A knowledge of Malaysia and Singapore would be an advantage. He/she would be expected:

- ★ to make frequent visits to Malaysia and Singapore during the course of which he/she would build up a wide range of contacts in the business scene of the two countries
- ★ to report upon all visits and to comment on company announcements and to write memoranda on companies and sectors, as appropriate
- ★ to conduct short seminars on the Malaysian and Singapore companies and sectors
- ★ to ensure that the LP service team and clients are kept fully abreast of his/her views
- ★ to maintain a databank on TOPIC of the companies and sectors he/she covers

Applications, which will be treated in strictest confidence, should be sent, together with a curriculum vitae, to Martin Wedgwood, Laurence, Prust and Co, 7-11 Moorgate, London EC2R 6AH.

Howden Securities Assistant Investment Manager

[Fixed Interest]

Howden Securities Limited, a subsidiary of Alexander Howden, manages about £200 million of funds for Insurance companies, Lloyd's Syndicates and Private clients, mainly in Sterling and US Dollar domestic Markets. The company invites applications from experienced fixed interest specialists, willing to assist the existing managers in an organisation devoted to efficient and expert fund management.

Applications should be made in writing, stating experience and salary progression to: Personnel Department, Alexander Howden, 22 Biliter Street, London EC3M 2SA. Further information with regard to this position can be obtained from the Recruitment Officer. Tel. 01-488 0808 Ext. 3908.

**Alexander
Howden** Group Limited

C. J. COLEMAN HOLDINGS LIMITED

require a

COMPANY SECRETARY/ ASSISTANT TO THE BOARD

The Group comprises two firms of Lloyd's Insurance Brokers and three other firms of Insurance Brokers in London.

An expanding Group we are seeking a Company Secretary of Group Companies responsible to the Holdings Board for Company Secretary, personnel and administrative matters.

Applicants

- Must have qualifications and/or experience as a Company Secretary
- Should preferably have a wider knowledge of the financial sector
- Must have an understanding of insurance and some knowledge of Lloyd's in particular.

Accounting or legal qualifications are less important than personality and flair.

Applications for interview to:
D. H. Stuart-Brown
C. J. COLEMAN HOLDINGS LTD.
155 Minories, London EC3N 1BT
enclosing detailed curriculum vitae

All information will be treated as strictly confidential

Director of Finance

The Water Authority is seeking to fill the post of Director of Finance which becomes vacant on 5 August 1982, following the retirement of the present Director, Mr. E. J. Gilliland, FCMA, IPFA.

The Director of Finance is the Authority's adviser on economic and financial matters and is responsible for all operational management functions relating to economics and finance, including standards of financial administration throughout the Authority's area.

The person appointed to the post will be expected to have had relevant professional and managerial experience, preferably with a similar large organisation. Salary will be £30,000 p.a.

Further information and application form available from the Regional Manager—Manpower, Thames Water, New River Head, Rosebery Avenue, London, E.C.1. Tel. 01-837 3300 Ext. 2024.

Closing date 12th April 1982.

Thames Water

AMBITION Young BANKERS

Expanding subsidiary of major international group seeks experienced staff for UK lending business and Documentary Credits

Contact: Jack Shebson, Company Secretary

BANK LEUMI (U.K.) LIMITED

Tel: 01-639 1205

4/7 Woodstock Street, London W1A 2AF

WANTED

AN ADAPTABLE SALES EXECUTIVE required for international sale and supply of business studies graduate with Masters degree by research or corporate experience. Must have 3-5 years experience gained in the UK and overseas sectors. Willing to relocate worldwide. Write Box A.7791, Financial Times, 10, Cannon Street, EC4P 4BY.

Financial Controller

East Midlands £15K+car+profit sharing bonus.

The potential of this rapidly expanding company which manufactures and markets a well-known consumer product, the leader in its field, is demonstrated by its dramatic growth over the past seven years. Profits have been consistently good and prospects of substantial future growth both at home and overseas are excellent.

Reporting to the Finance Director, responsibility will be for the overall financial control of the company. Duties will include financial and management accounting, budgetary control, staff management and statutory accounts. The accounting systems are computerized and

the applicant will be involved in further development of DP facilities.

Aged over 30, you should have a strong industrial/commercial background. Essential qualities are good organisational and communications skills with the ability to control and motivate an enthusiastic staff team. Initiative and ability to plan are important requirements in this rapid growth environment.

Candidates, male or female, should write with full details to Philip Gardner (Ref FLA/186), Austin Knight Limited, James House, Welford Road, Leicester LE2 7AE.

Applications are forwarded to the client concerned, therefore, any company in which you are not interested should be listed in a covering letter.



**Austin
Knight
Advertising**

BUSINESS INTELLIGENCE OFFICER

£11,000 (including London Allowance)

Applications are invited for the post of Business Intelligence Officer in the TSB Group Central Executive. The Central Executive, based in London, provides a range of central services to the Trustee Savings Banks and Group Subsidiary Companies, and it employs 150 staff, the majority of whom are Executive or Management status.

The vacancy arises from the expansion of the Group's planning function and the successful candidate will be the Business Analyst in the Corporate Planning Division.

The primary responsibility of the successful candidate will be to analyse and monitor the economic and competitive environment in which the Group operates and to assist in the

development of appropriate plans and strategies. He/she will be required to communicate with all levels of Management and, in particular, be able to interpret and present complex information.

This post represents an excellent opportunity for someone with a background in banking and finance with skills in business economics, financial analysis and the marketing of financial services. Experience in the use of computer-based forecasting techniques would also be an advantage.

Salary will be in the region of £11,000 (including London Allowance) with a wide range of benefits associated with a major banking group including mortgage subsidy (subject to a qualifying period) and non-contributory pension scheme.



Applications should include full personal, career and salary details, and be forwarded to: Head of Personnel Division, TSB Group Central Executive, 3 Copthall Avenue, London EC2P 2AB, to arrive no later than Friday 26th March 1982.

INTERNATIONAL BANKING

CHARTERED ACCOUNTANTS

We are seeking two qualified chartered accountants to join our London based internal auditing team, for work at senior level in a highly professional systems-orientated environment involving up to 25% travel.

Ideally the successful applicants will be in the age range mid-20s to early 30s who have had experience of bank audits gained within one of the leading professional firms. One successful applicant will be required to have fluency in French and preference will be given to other applicants with fluency in German, Italian or Spanish.

Experience of auditing telecommunications and computerised systems would be an advantage, but is not essential.

Remuneration for these rewarding posts, will be competitive and staff benefits include low interest mortgage and personal loan facilities, a non-contributory pension and participation in profit sharing and life assurance schemes, interest-free season ticket loans and free lunches.

Please send a full curriculum vitae to:
Raymond A. V. Howe, Manager, International Audit,
P.O. Box 224, 2/3 Cursitor Street, London EC4P 4BB

**MANUFACTURERS HANOVER
TRUST COMPANY**



CREDIT ANALYSTS

to £11,000

Our Client, a major U.S. Bank with branches world-wide, provides the full range of Banking and Investment services to an ever-growing client portfolio.

Due to exceptional expansion in a division controlled by London, they wish to strengthen their team of credit analysts.

Candidates should be young banking specialists currently operating in a relevant area of a clearing bank or already within a U.S. or Merchant Bank.

Please telephone 01-242 0965 or send detailed C.V. to Nicholas Waterworth,

31, Southampton Row, London WC1.



**Michael Page Partnership
Recruitment Consultants
London Birmingham Manchester**

INVESTMENT ANALYST

IMI is a major engineering company with rapidly growing pension funds. An Investment Analyst is required to join a small team in the Investments Department at the company's head office in Birmingham to assist in the management of the pension funds' assets.

Applicants, male or female, should be in their early 20s and possess a good degree in the general field of finance or economics and/or a professional qualification in a similar field. It is preferable, but not essential, that applicants have previous portfolio investment experience.

Please write giving details of academic and professional qualifications, career history, age, current salary etc., to:



John Poole,
Kynoch Personnel Manager,
IMI plc, P.O. Box 216,
Witton, Birmingham B6 7BA.

Overseas Fund Manager

We have an exciting opportunity for a good fund manager aged mid to late 20s to join a young, rapidly-expanding investment company.

You should have two or more years' direct experience and specific knowledge of the U.S. or Pacific Basin and general knowledge of other overseas markets. Launched in September 1976, Chieftain now has in excess of £20 million under management, mainly in unit trusts but also other institutional funds and private clients. Besides managing funds you will also have an opportunity to contribute to the general growth of the Company. Salary negotiable.

Reply in confidence to Mrs C. Carter at the address below



Chieftain House, 11 New Street, London EC1M 4TP. Telephone: 01-263 3933

Merrill Lynch International Bank Ltd. is seeking to strengthen and expand the foreign currency services it provides from London to the thousands of international commodity and institutional customers of the Worldwide Merrill Lynch Organisation.

Vice President, Foreign Exchange Marketing

We are looking for someone experienced in marketing foreign currency services to large corporations and governmental institutions in Europe and the Middle East. You will work closely with many of the 36 investment and commercial banking professionals located here in London and should have a strong background in long dated forward swap transactions. Compensation is open.

Senior Foreign Exchange Dealers

We are looking for one or two foreign exchange dealers in their late twenties to early thirties who are experienced in dealing spot and forward Marks or Swiss Francs. You must be able to handle the unusual and work well with sophisticated commodity and institutional clients in Europe and the Middle East. If you are not already earning in the region of £16,000 then you probably do not have the experience and qualifications necessary.

Send full particulars to:

Personnel Department, MERRILL LYNCH HOLDINGS LIMITED
3 Newgate Street, London EC1A 7DA



Merrill Lynch

NESTE OY

is a major oil, energy and shipowning company in Scandinavia

owned by the Finnish Government

and with turnover of 3,600 million U.S. dollars 1981.

We have recently expanded our activities into coal, shipping presently steam coal from the U.S. to Europe and are starting to deal with British coal in the near future.

For our coal operations, we have offices in Helsinki, London and New York. We wish to appoint a

COAL TRADER

to be based in our London office.

Responsibilities will cover coal marketing in selected European countries.

The successful candidate will possess good experience in international coal trading. Fluency in English will be essential, knowledge of other European languages an asset.

A salary in the range of £15,000 plus a generous commission scheme plus a car and other benefits will be offered.

Applicants should send a career history and personal details to Mr. Seppo Oja, Neste Oy London Office, 98/99 Jermyn Street, London SW1Y 6EE.

FLEETGUARD, a CUMMINS Company, the leading manufacturer of filter products for heavy duty and construction equipment market, has a challenging position for a:

PLANNING MANAGER EUROPE

Reports to the Financial Controller - Europe.

Responsible for developing annual and five year financial business plan, covering: profit, balance sheet and cash flow aspects, in coordination with managers of all departments in different European locations and in U.S.A. Also responsible for capital budgeting analysis and cash management.

Position to be filled within two to five years' experience in financial area, preferably backed up with M.B.A. and/or accounting degree. The position is based in Quimper - France.

If you are interested in the above position, please send a curriculum vitae, photograph and current salary to:



FLEETGUARD INTERNATIONAL
CORPORATION, Service du Personnel
Le Grand Guélen - 29000 QUIMPER
(France) - quoting ref. JMR.

BANKING

HEAD OF INTERNAL AUDIT

c. £12,000

Qualified and experienced Bank Auditor required to head a small team responsible for complete programme in developing international bank.

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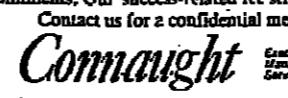
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The candidate will be a qualified accountant aged 30+. Ideally he/she will be a graduate and will have gained significant experience in a retailing or distribution environment. Familiarity with computerised accounting systems is essential.

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OVERSEAS ACCOUNTANCY VACANCIES

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INTERNATIONAL APPOINTMENTS HEADING
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BBC 1

TELEVISION

6.45-7.35 am Open University (GRT only). 9.05-12.20 pm For Schools, Colleges. 12.30 News After Noon. 1.00 Pebble Mill at One. 1.45 King Rollo. 1.50 Brie-a-Brae. 2.00 You and Me. 3.15-3.30 For Schools, Colleges. 3.15 Holiday with Cliff Michelmore. 3.35 Regional News for England (except London). 3.35 Play School. 4.20 Pixie and Dixie. 4.25 Jackanory. 4.40 Huckleberry Finn and his Friends. 5.05 John Craven's Newround. 5.10 Blue Peter. 4.40 News.

6.00 Regional News Magazines. 6.12 Nationwide.

6.45 World Figure Skating Championships from Copenhagen.

7.00 Tomorrow's World. 7.25 Top of the Pops — live presentation with Simon Bates.

8.00 The Kenny Everett Television Show. 8.30 Goodbye Mr Kent, starring Richard Briers and Hannah Gordon.

9.00 News. 9.25 Emergency Appeal for Central America. 9.30 Shoestring, starring Trevor Eve.

10.25 Question Time with Robin Day.

11.25 News Headlines.

11.25 World Figure Skating Championships from Copenhagen: The Men's Championship.

Chris Dunkley: Tonight's Choice

Thursday is the night for two of BBC 1's most notable programmes: The Kenny Everett Television Show, which suffers from lack of any topical content but may continue to hold its own, if Everett introduces new characters often enough; and Question Time, which looks and feels as though it has been with us forever but is a relatively recent innovation—the most successful of its sort for years. (The original on BBC radio now seems sadly inferior.)

BBC 2 starts two brand new, if short, series, both worthy of attention. In Hard Times, Professor David Donnison, former chairman of the Supplementary Benefits Commission, now professor of town and regional planning at Glasgow University, sets out to discover who are the poor in Britain, how they cope, what demands they put on the Social Security system, and the possible consequences to the country's future. Poems in Their Place is a series of seven short programmes. The first, devoted to Housman's "A Shropshire Lad," is presented by John Wain, himself a poet and former professor of poetry. Between these two series, Forty Minutes looks at the work of French obstetrician Dr Michael Odent, whose maternity unit at Birthmiers sensibly abjures drugs, anaesthetics, forceps and every form of artificially induced birth. Very sensible. Highly successful.

BBC 2

6.40-7.35 am Open University. 7.40 The Shogun Inheritance. 8.20 Russell's Party. 8.30 The Adventures of Captain Nemo. 9.00 Call My Bluff. 9.10 Industrial Architecture. 9.45 Small. 10.10 Kyung-Whi Chung Plays in Their Place. 10.50 Nightshift. 11.35-12.15 am The Old Grey Whistle Test.

LONDON

9.30 am Schools Programmes. 12.00 The Woofits. 12.10 Up and Go! 12.30 The Sullivans. 1.00 News, plus FT Index. 2.00 Thames News with Robin Houston. 3.30 Take the High Road. 3.45 After Noon Plus with Judith Chalmers and Trevor Hyett. 3.45 Dr Snuggles. 4.20 Little House on the Prairie. 5.15 Emmerdale Farm.

5.45 News. 6.00 Thames News. 6.30 Thames Sport: Derek Thompson, Allan Taylor and Simon Reed reflect the sporting scene at home and abroad.

7.00 Does the Team Think? Tim Brooks-Taylor is the chairman and the panel consists of Beryl Reid, Jimmy Edwards, Frankie Howerd and William Rushton.

7.30 Rising Damp. 8.00 Falcon Crest, starring Jane Wyman.

9.00 Shelley, starring Hywel Bennett.

9.30 TV Eye.

10.00 News.

10.30 Danger UXB, starring Anthony Andrews and Judy Geeson.

11.30 Parents and Teenagers.

12.15 What the Papers Say.

12.15 am Close: Sit Up, and Listen with Ann Todd.

Indicates programme in black and white

BUSINESS LAW

East-West arbitration

By A. H. HERMANN, recently in Stockholm

LAST WEEK, the Stockholm Chamber of Commerce celebrated the fifth anniversary of the U.S.-Soviet Optional Arbitration Clause Agreement. This is certainly not the best time for American-Soviet jolliifications and, indeed, the symposium coincided with the biggest military exercises the Swedish army had ever held in the northern part of the country.

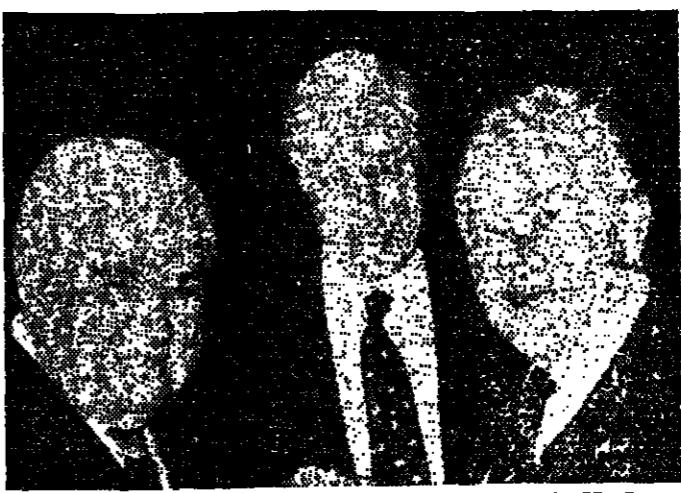
But none of this affected the cordiality and enthusiasm of the Stockholm meeting. "Arbitrators of the world unite" seems to have, for a while at least, replaced another similar slogan which appears on the masthead of *Pravda*, the Soviet party daily.

Compared with London and the Paris-based ICC, Stockholm is a newcomer to the arbitration game. Not more than 10 arbitrations are pending at present between the American Arbitration Association (AAA) and the Soviet Foreign Trade Arbitration Commission (FTAC) and only five have been completed during the past five years. However, being young in the business, Stockholm is more forward-looking and more keen to adjust to the requirements of Communist and developing countries.

East-West arbitration is only of marginal importance for the organisations which concluded the agreement. Of the 3,000 cases of so completed by the Soviet FTAC during the 50 years of its existence, less than 5 per cent concerned trade between the Soviet Union and capitalist countries; about 90 per cent were disputes between the state organisations of the Comecon countries. Of the much greater activities of the AAA, only 1 per cent concerned foreign trade. The activities of the two organisations are, of course, not commensurable.

Also, the structure of the two organisations is very different. Like other western arbitration institutions, the AAA provides only rules and an institutional platform for a great number of arbitrators who lead a very individual existence. The Soviet FTAC has a permanent panel of 26 arbitrators appointed for four years, but often serving several terms, chosen mainly from academic law.

The American-Soviet Optional Clause enables greater flexibility because it provides for the UNCITRAL rules—the rules formulated by the UN Commission on International Trade Law. These rules, which are neither part of international law nor intended



Mr. Mikhail Yakovlev, the Soviet ambassador (left); Mr. Sten Rudholm, the chairman (centre) and Mr. Franklyn Forsberg, the U.S. ambassador, at the Stockholm meeting

for incorporation into national law, leave it to the arbitrators to decide on the conduct of the proceedings, except that they must respect mandatory provisions of the applicable national law.

These "free-floating" rules require, in practice, a link with an institution which would act as the appointing authority and provide facilities for arbitrators. They are available to new arbitration institutions and seem to be gaining popularity

in the developing countries. The tendency towards conciliation and mediation rather than arbitration evident in many developing countries which do not possess the legal infrastructure necessary for the more formal arbitration, led to the adoption of the UNCITRAL rules by the UN General Assembly in December 1980.

The UN is now working on the project of a model arbitration law in the hope of achieving a harmonisation of national arbitration laws. In the meantime, however, the Stockholm arbitrators are contributions considerably to the development of international arbitration in practice; they are much in evidence in the politically difficult disputes such as those which followed the Libyan nationalisation of oil fields. Mr. Gunnar Lagergren, a former Judge and now Sweden's Marshal of the Realm, is giving up his office as president of the Hague arbitration tribunal on Iranian claims, and he will not be the only Swedish Judge on the tribunal.

Stockholm may not have all the expertise for judging sugar and spice, but it certainly seems to have a nose for sniffing out the more interesting international disputes.

RACING

BY DOMINIC WIGAN

PAT MULDOON and Peter Easterby, the owner and trainer of Sea Pigeon, must be commended on their realistic but difficult decision to retire their great champion on the eve of his bid for a third Champion Hurdle.

It is a decision which no true supporter of National Hunt racing has cause to regret, for it shows again that jumping is a sport rather than a business for many.

With O'Neill still feeling the effects of his most recent fall and no racing in the North or Midlands today, the South's leading pair, Francome and Scudamore, have the stage very much to themselves at Wincanton, where Francome replaces his great rival on Uncle Bing in the Red April Chase.

Scudamore had been down to ride Uncle Bing when it appeared likely that Francome would be riding the Les Kinnear-trained Hutton Lad. However, it seems that the prospect of a Grand National association with Uncle Bing has tempted Francome aboard this preparatory race. The combination seems sure to go well; but the combination of 13 lbs to Hutton Lad may prove too much of a stumbling block.

Another popular chaser on

at Wincanton is the former Gold Cup winner, Midnight

Court. Oliver Sherwood's mount

in the Hine Cognac Hunters' Chase was made to look rather

leaden-footed by Night Nurse last time out.

However, there will be few

anxious to oppose him now he

is back in this company. He

meets Lord Dawson on 5 lbs

better terms when he

handouts a 10-length Newbury beating to that junior

rival. Anyone looking for the

alternative each-way value is

better off considering Spartella.

WINCANTON

1.30—Only A Shanty

2.00—Hutton Lad*

2.30—Buffon

3.00—Spartella**

3.30—Kinnear**

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THE MANAGEMENT PAGE

Radio aims to be more than a soft option for advertisers

By David Churchill

AIRTIME TO the value of £100,000 on the independent radio network is the carrot currently being offered free of charge to advertisers in a bid

to make the media more aware of commercial radio.

Now nine years old, commercial radio is finding it increasingly hard to grow up in the fiercely competitive media market of the 1980s. Radio is still seen as very much the poor relation of big-brother television—a view that reflects the fact that the £51m spent on radio advertising last year represented less than 2 per cent of total UK advertising expenditure.

The £100,000 prize of advertising time is being offered by the independent radio companies to the advertiser who can provide the best radio advertising campaign for a product or service. So far the response from would-be winners

has been enthusiastic and several major advertising agencies are beginning to sit up and take note.

Dennis Barham, chairman of Leo Burnett, believes that "this is an imaginative promotion that you cannot ignore". He adds that "the competition has certainly caught on within our agency in the media, creative, and client services departments and we will be making a number of entries".

James Irvine, planning director of Lintas, suggests that while the case for radio as a local advertising medium is clear-cut, it is not so for national advertisers with larger budgets. "It is here that the airtime competition will be very valuable in focusing adver-

tisers' attention on the potential of the medium," he adds.

In the U.S. where there are nearly 8,000 commercial radio stations, its potential has long been fully realised. Since commercial radio pre-dated commercial television in the States, advertisers and their agencies have traditionally made full use of radio in planning campaigns.

Commercial radio in the UK, however, is represented by some 34 stations at present—most of them loss-making. The Home Office has sanctioned a doubling of the commercial network by the end of the decade—although there are now doubts as to whether all the planned stations, which stretch from Penzance to Inverness, will be

economically viable in their present format.

The main problem is the reluctance of the major advertising agencies and their substantial consumer goods clients to use radio. The reasons advanced for this unwillingness are numerous, including larger commissions from much bigger television advertising accounts.

the lack of national or—until recently—proper regional coverage; the reluctance of the best creative agency staff to commit themselves to campaigns worth only a few hundred pounds and broadcasting in remote areas of the country to an audience which many sceptics doubt is really even listening.

David Reich, managing director of the TMD agency, argues that "radio needs to be

sold to national advertisers; and those people involved in representing the medium to the big spenders just haven't devoted enough time, energy and imagination to convincing sceptical agencies and clients that radio works."

In addition, there are moves within the industry to form a Radio Marketing Bureau—along the lines of the American Radio Advertising Bureau—whose sole job would be to promote radio as a medium for both national advertisers, and

spots on roughly comparable areas as for television. A 30-second advertising slot is also available for national coverage at breakfast-time for a cost of £2500 or so.

Although 1981 was a below-average year for radio advertising revenue—a 14 per cent increase in revenue was reduced to about 10 per cent when the new stations coming on air were taken into account—revenue has increased at a much faster rate in recent months. In both December and January, the increase in revenue was about 25 per cent higher than the corresponding months last year.

But most observers believe that such growth cannot be sustained unless the commercial network promotes itself in a much more effective way as both national advertisers, and

take some long-term research for national advertisers.

Aberdeen's NorthSound moves up the charts

BY MARK MEREDITH

THE radio programme sounded just right for an oil town. A woman disc jockey with a Louisiana drawl introduced the kind of sentimental boot-stomping music bound to please a homesick American.

Kathy Langley promised us all a real good time and kicked off the show with Kenny Rogers' *Blaze of Glory*, down from 39 to 60 in the Country and Western music charts. "...like two heroes, in a story, let's go out like we came in..."

This was NorthSound, the successful eight-month-old commercial radio station at Aberdeen, in the north of Scotland; and the disc jockey had been a bored housewife married to an American oilman until she discovered NorthSound.

Kathy had never worked behind the microphone before but for that matter neither had most of the other broadcasters on the small staff of NorthSound. Bobby Hain, who anchors the breakfast time slot, was an 18 year old about to take up computer studies when he applied for a job in broadcasting.

Homespun broadcasters have been one of the ingredients of a promising start by NorthSound. According to figures

from independent radio, it is now the second most listened to commercial radio station as a proportion of its local potential audience. Regular surveys by outside consultants place Downtown radio in Belfast in the number one slot.

The "dipstick" survey by the consultants also showed 93 per cent "awareness" of the new station among its potential listening audience; only three points less than the well established BBC Radio One.

Audience

The Radio One audience was the prime target for Bill Aitkenhead, managing director of NorthSound. He designed a programme of pop and popular music as well as local news and current affairs for the station's broadcast day of 6 am to 8 pm. From April he plans to expand the hours to midnight.

Despite the temptation to make the new station "oil-city radio" and play up the Klondyke image, Aitkenhead has made a point of not targeting his station at this audience. British oil men have been gradually replacing the Americans and the U.S. community is getting smaller.

More important, Aitkenhead

feared that a specific pitch to the American sector of the community might alienate the vast majority of the 305,000 population which could pick up the station, but who are not directly involved in oil and whose links might be in the more traditional fields of fishing, farming, textiles or paper production.

NorthSound is very much Aitkenhead's show. He is a former broadcaster and journalist who had moved into business; previously he had been general manager of Aberdeen's Dyce airport which, with North Sea oil air traffic, is Britain's third busiest airport after Heathrow.

He was due for a new posting and this was likely to be at Heathrow but, thinking largely of his young family, he opted to stay in Scotland.

The owners of the new commercial radio franchise, headed by Andrew Lewis, a prosperous trawler owner, wood Aitkenhead having heard that he had the right combination of experience in broadcasting and management. In order to get ready for the July opening he took up residence in a Portacabin beside the former schoolhouse which was to become the station's home.

Aitkenhead managed sales,



Kathy Langley: her Louisiana accent made American oilmen in Aberdeen feel at home

programming, promotion and even the training of his 36 staff. Virtually no work was farmed out to consultants and agencies. Aitkenhead wrote the station's main sales jingle now featured on car bumperstickers all over town which promises NorthSound "free with every radio."

Teesheets and autographed pictures of the disc jockeys have all been part of consciousness-raising—as is another promotional jingle:

"Make every single day one of sunshine

With lots of fun and laughter all around

We're your friendly, caring local radio station

So why don't you come along

We're with you all day long

Stay tuned to 290

We're NorthSound."

Getting a radio station off the ground during a recession meant keeping costs down. But armed with good "awareness" and "reach" figures to show that NorthSound was get-

ting into homes, the advertising started rolling in.

In January and February, relatively quiet months, 50 per cent of available advertising airtime was sold after a heady 90 per cent or more in December when there were Christmas promotions.

BOARDROOM BALLADS

THE HIDDEN PERSUADERS

Fresh in pinkish shirt and sneakers,
He bounds across the floor to break us;
While, busy at his heels, attends a
Reunite of unknown gender,
Heaped with story-boards and charts
And sundry other works of art.

Soon the client's senses tingle
To the orchestrated jingle
Which, the test results declare,
And, by subliminal recourse,
To some Oedipus force,
Will open through the hidden eye.

Words there are not good enough
To match the brilliance of the bluff,
Or adequately to explain
How businessmen of normal brain,
Enter advertising houses,
And leave without their shirts and trousers!

The agency director who
Persistently performs the coup,
Produces for his rich commissions,
Unique selling propositions
Based, as decent agents should,
On either sex or motherhood;
These are, to the imagemakers,
The Freudian factors which will shake us.
From our apathetic tellies,
To buy some more to fill our bellies;
Or grab, to satiate our greed,
Still more junk we do not need.

And on—through dinner at Le Beau;

Perhaps a little gittle show;—
Until our innocent of brain

Is popped discreetly o' the train,
Not quite knowing, through the fun,
Who has lost and who has won!

The client's customers may be
A bit less gullible than he;

And more resistant to the guys
Who pulled the wool across his eyes.

Bertie Ramsbottom

Next week: On the dole

ments take up 25 to 30 per cent of advertising airtime while the rest is local.

Despite the trying time other UK commercial stations are having, Aberdeen's prosperity should keep the advertising revenue rolling in to NorthSound.

PRODUCTION LINE

The cost of distribution is going up all the time. Petrol, labour and storage are just three of the elements that make distribution an ever increasing part of most companies' overheads.

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Break Bulk.

If you have lots of uneconomical local delivery problems use Atlas Express Break Bulk. Simply trunk loads to one of

DISTRIBUTION LINE

our many regional depots and we'll handle all the local deliveries efficiently and economically.

Warehousing & Distribution.

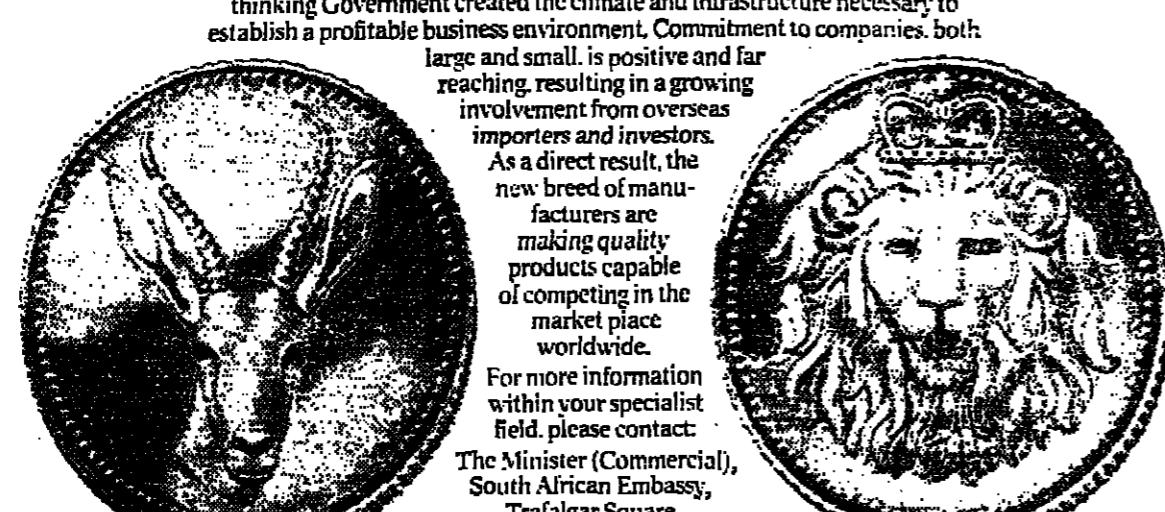
This new division has been developed over several years to solve a great variety of storage and distribution problems. It has the flexibility to develop specially designed warehousing capacity, virtually anywhere in the U.K. and co-ordinate your stock control systems. Most of all, Atlas Express Warehousing can save you money—because you buy only the service you need, not empty space or extra labour.

PRODUCT LINE

Atlas Express didn't become the largest independent freight company in the country by making empty promises.

So put your product on the Atlas Distribution Line—they deliver the goods. Contact Stan Markwell, Atlas Express, 96-98 Regent Road, Leicester. Tel: (0533) 544592.

WE DELIVER THE GOODS.



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Those attending the programme develop a better understanding of the elements in the marketing mix and acquire the practical skills for developing a co-ordinated, effective marketing plan. This is a programme which benefits all managers who have an influence on a company's marketing planning effort.

How to Prepare Marketing Plans.

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Cranfield School of Management, Bedford (0234) 751122.

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FINANCIAL TIMES

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Thursday March 11 1982

Policy between the lines

CHANCELLORS OF the Keynesian era, of whatever party, would always at the climax of their Budget statements explain how much they were putting in or taking out of the economy. The fashion has now changed. The present Government makes a virtue of its impotence to determine private sector behaviour. However, the pretence of impotence is really no better based than the old claim to omnipotence. Chancellors cannot manage the economy, but they cannot help influencing it, because of the sheer bulk of the public sector, its spending and its exactions.

Outsiders, therefore, have spent the day after the Budget in rival attempts to fill in the policy implications which Sir Geoffrey left out of his speech, and have offered every conclusion from a dangerous pre-election hinge (based on the apparent relaxation of monetary targets) to a further tightening of the squeeze (based on the drop in public sector borrowing as a proportion of national income). Sir Geoffrey's known attachment to "muddy solutions," as he calls obscurity, has triumphed.

Significant

Our own judgment is that there has been only a small change in policy in terms of "demand management." The apparent fall in the forecast PSBR is partly the result of slightly higher projected growth, which swells revenue and may cut some expenditure. The monetary targets have been relaxed, but if they are hit, they will involve a slightly tighter regime than last year (or substantially tighter, if only the most distorted aggregates are tracked).

Within this unchanged or possibly tighter total, however, there are some significant shifts in balance. There has been a switch of the order of £500m in favour of the corporate sector at the expense of personal taxpayers, when the April increase in National Insurance payments is taken into account. More significantly, there has been an increase of £5bn in public spending from the plans announced a year ago, without any impact on borrowing.

A peace proposal from Mexico

THE NEWS from Central America is of increasing turmoil. The presidential elections on Sunday in Guatemala were not contested by the centre or the left but nevertheless have, as expected, brought forth mutual recriminations and allegations of fraud. Three conservative candidates have impugned the apparent victory of the government candidate, General Anibal Guevara. There are reports of mercenary forces being trained to overthrow the left-wing Sandinista government in Nicaragua. Despite its proclaimed intentions of keeping clear of political involvements with its neighbours, Honduras looks likely to see its neutrality threatened by the fighting on its borders. In El Salvador the insurgents are stepping up their attacks on the government of President Jose Napoleon Duarte for the elections, scheduled for March 25, draw near.

In such circumstances the strategy for peace in Central America and the Caribbean announced by President Jose Lopez Portillo of Mexico in the Nicaraguan capital last month is attracting increasing international support.

Initiatives

In essence the Mexican plan calls for a truce in the political struggle between Washington and Havana, almost as a pre-requisite for peace in the region. President Lopez Portillo envisages as well a non-aggression pact between the U.S. and Nicaragua and negotiations between the contending parties in the war in El Salvador. In all these difficult initiatives Mexico is offering its good offices.

The plan is realistic in that it gets to grips with the genuine issues in the region and blows aside the clouds of rhetoric and half-truth which have for years past bedevilled initiatives for peace and lasting stability. To Cuba's hard-pressed regime it offers security from any hostile action by Washington and a chance for President Castro to try to repair a badly ailing economy. To the Nicaraguans it offers very much the same while to El Salvador it opens up the possibility of an end to a war which has already pulverised the country.

The plan would not, however, involve a series of unilateral concessions by the

This exercise, which may be described as balanced-Budget revision, the mobilisation of idle resources, or simply as the mobilisation of the Tory "wets," is not quite as significant as the bare numbers would suggest: the 1981 plans were partly rhetorical. Nevertheless, the change has left room for a very significant increase in housing and water investment, and extended support for private sector construction work.

Good time

This is most welcome, and appears to confirm our own repeated suggestion that both the financial cost and the resource strain of increased investment would be minimal at this stage of the cycle. Indeed, we are immediately constrained to ask for more. The case for capital formation at the trough of a business cycle rests only partly on considerations of employment or demand management. It is the one area of economic management in which the housekeeping analogies so often used by the Prime Minister are not misleading.

It is based on three simple propositions. First, neglected maintenance costs more in the long run. Second, short time at the factory is a good time to get on with the redecorating. Third, the materials cost less when the economy is depressed. In economic terms, appropriate investment now makes long-term economy more achievable, the borrowing impact is minimal, and relative prices are favourable.

Concealed

Unfortunately none of these facts can be deciphered from the new "clarified" White Paper on public spending, which has been reduced to a vast pile of apparently arbitrary cash numbers, supplemented with social statistics. There is no useful information on relative prices, volumes or financial implications; it is like trying to run a company on the basis of bank statements, and tearing up the management accounts. It is an odd Budget in which the economic meaning, and much good sense, are all concealed between the lines.

Response

So far the response to the Mexican plan has been positive in Cuba and Nicaragua, in the ranks of the Salvadoran insurgents, in Western Europe and in the U.S. Congress itself. President Reagan and Secretary of State Haig have, however, been ostensibly cool to the initiative.

The U.S. Administration has, for instance, maintained its argument that the Salvadorean insurgency would wither away without the backing of Nicaragua and Cuba, though the State Department has been hard pressed to document a case and make it generally credible. Mr Haig received Sr Jorge Castañeda, the Mexican Foreign Minister, last weekend only with a show of reluctance.

Fruitful

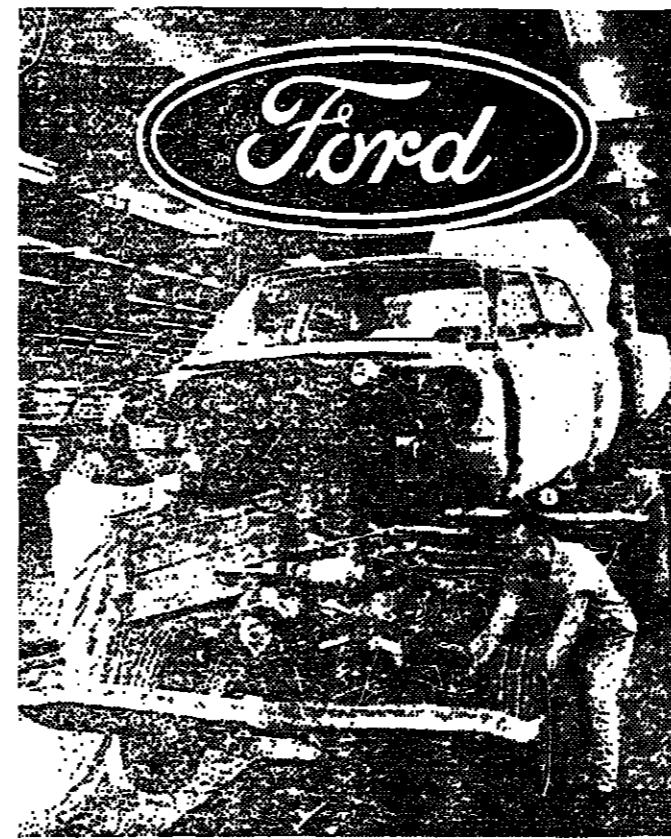
In reality the contacts between Washington and Havana have been more frequent and more fruitful than either President Reagan or President Castro has hitherto wanted to acknowledge publicly. The secret encounter between Mr Haig and Vice-President Rodriguez in Mexico City in November and subsequent meetings in Havana are proof enough of that. As war envelops Central America all parties should seize any chance of peace with honour that presents itself. The Mexican plan is one such chance. For it to be adopted by ideologists of the Left or of the Right would be a tragic lost opportunity.

The plan is realistic in that it gets to grips with the genuine issues in the region and blows aside the clouds of rhetoric and half-truth which have for years past bedevilled initiatives for peace and lasting stability. To Cuba's hard-pressed regime it offers security from any hostile action by Washington and a chance for President Castro to try to repair a badly ailing economy. To the Nicaraguans it offers very much the same while to El Salvador it opens up the possibility of an end to a war which has already pulverised the country.

The plan would not, however, involve a series of unilateral concessions by the

The shadow of Japan—again

By Ian Hargreaves in New York



Dearborn assembly line: Ford plan is not so generous

and which have resulted in insignificant levels of employee ownership.

But recently, there have been several much more ambitious efforts in both the Esof and profit sharing field. Continental Airlines, hoping to avoid a takeover by Texas Air, developed plans for employee control which were defeated by resistance in the California legislature and the fact that the employees ran out of time. This would, if formed, have been easily the largest Esof in the country and would have been financed by employees putting in a slice of future pay to a trust, a device which persuaded a large number of banks to back the plan with sizeable loans.

Workers at Kaiser Steel have also proposed, unsuccessfully, a worker takeover of their ailing company. Meanwhile, the workforce at General Motors' Clark, New Jersey, bearings plant have succeeded in forming an employee-owned trust to buy the business, which GM said it would shut down if the employees refused to take it over. Part of that deal has involved a 25 per cent to 30 per cent cut in wages and a 25 per cent cut in the work force.

In addition, although there is some double counting in these numbers, there are now over 4,000 employee stock ownership plans (Esofs) in the U.S. Ten years ago, according to the Esof Association of America, there were only about 50 such schemes.

Part of the explanation for this explosion, especially in the case of Esofs, is the fact that many American companies, especially smaller ones, do not provide traditional pension plans for their employees.

Esofs, which can be used to provide a retirement day pay-out or an annual pay-out after retirement, are one way of covering this deficiency, without the regular payment commitment of a funded pension scheme.

Even some very large companies, such as Procter and Gamble, have made use of a profit-sharing scheme and Esof rather than a pension fund, with the result that the company's employees now own at least 20 per cent of Procter and Gamble's shares. Others, such as American Telephone and Telegraph, and General Motors, have created limited forms of Esofs designed primarily to take advantage of tax benefits

in addition to requiring pay cuts and freezes, envisaging workers earning between 80 per cent and 110 per cent of their nominal pay, according to company profits. Two smaller road haulage companies have created spreads of 50 per cent to 115 per cent.

But this casualty list of companies such as Ford and Pan American World Airways trying to bandage their wounds and stem redundancies with new approaches to labour, however, lies a long tradition.

In essence, an Esof is a stock bonus plan which invests primarily in the shares of the employer company and so builds up for each employee an ownership stake which can be sold on retirement to create a kind of old-age pension. The technicalities vary according to whether the Esof borrows money to buy stock, whether employees can use part of their trusts before retirement, whether employees get full voting rights for their stock and the degree to which an employee can cash in on his Esof rights if he leaves the company.

These are highly complex and technical issues, made more so by the ever-changing tax treatment of Esofs, but in the hands of the more ambitious employers the concept of worker

ownership is used as a care fully manipulated spur to increased loyalty and productivity.

The big question, of course, is whether Esofs serve any function other than as a straightforward perk. According to a recently published study by the Journal of Corporation Law, they do: namely they lower labour turnover, improve attitudes and sharpen productivity.

Men & Matters

Janet returns to the fray

For the second time in eight months Janet Johnstone is flying into London to pick up the pieces at the British section of Amnesty International.

The personable 36-year-old American was called in last year by the troubled human rights organisation to sort out the personnel problems which were left behind by the dismissal of its director and former Catholic priest, Cosmas Desmond.

Now she is returning to head the section after the fracas which forced out ex-Liberal leader Jeremy Thorpe.

Her job should be easier second time round, she guessed over the phone from San Francisco yesterday. But the British section needs a new constitution and has some serious debates ahead of it, she says.

Should it allow religious groups and unions to affiliate? Other countries do not. What

sort of council should it have?

A question which should raise some heat as the fuss continues at meetings this weekend and later in the month over the present council's overwhelming endorsement of Thorpe.

Most important of all, how diligently and vigorously should it conduct its campaigns? Johnstone would obviously like the British section to be more of a thorn in government flesh.

Her own political baptism dates back to Washington in the late 1960s. Yet the Vietnam protests and civil rights movements of that time seem to have marked her less than what she saw when working for Pan-American out of Frankfurt. She travelled the Third World extensively.

"Beautiful scenery and incredible suffering. Poverty everywhere had the same ugly face," she says.

Johnstone, as a result, became head of Amnesty's San Francisco chapter "to help those who could not help themselves." Which some might say is just what she is doing now for Amnesty's own members in Britain.

Arthur's boobs

Militant women trade unionists are marching on Arthur Scargill's Camelot to do battle over his unashamed belief that union journals should be sexy.

The NUM president-elect's own monthly, Yorkshire Miner, has a "page three girl" in every edition—always a scantily clad young lady related to a mining family. He has defended his views in public and does not intend to change them.

But the documents to come before the TUC women's conference in Bournemouth next week warn: "There are a number of union journals which are currently publishing sexist material... this is an area in which trade unions do not appear to have taken much action by reducing either the sexist element in some of the articles or in particular by cut-

ting out sexist photographs."

The report ends sternly: "Although union journals may report on the work of the TUC and their own unions on women's matters, the inclusion of such articles is negated by cartoons, advertisements and 'women's pages' which portray women as either sex symbols or housewives."

What will King Arthur do when he leaves his castle to London? He is widely tipped to be taking with him Maurice Jones, editor of the Yorkshire Miner, with a view to promoting him to the chair of The Miner, the NUM's national paper.

Any attempt by Jones to make the puritan climes of London more raunchy is bound to provoke hostility from the female members of the TUC general council, any one of whom looks like being a match for Scargill.

Johnstone, as a result, became head of Amnesty's San Francisco chapter "to help those who could not help themselves." Which some might say is just what she is doing now for Amnesty's own members in Britain.

Davison will continue as senior partner and a member of the board of the international firm whose practice in the UK he has vigorously expanded in the past 15 years.

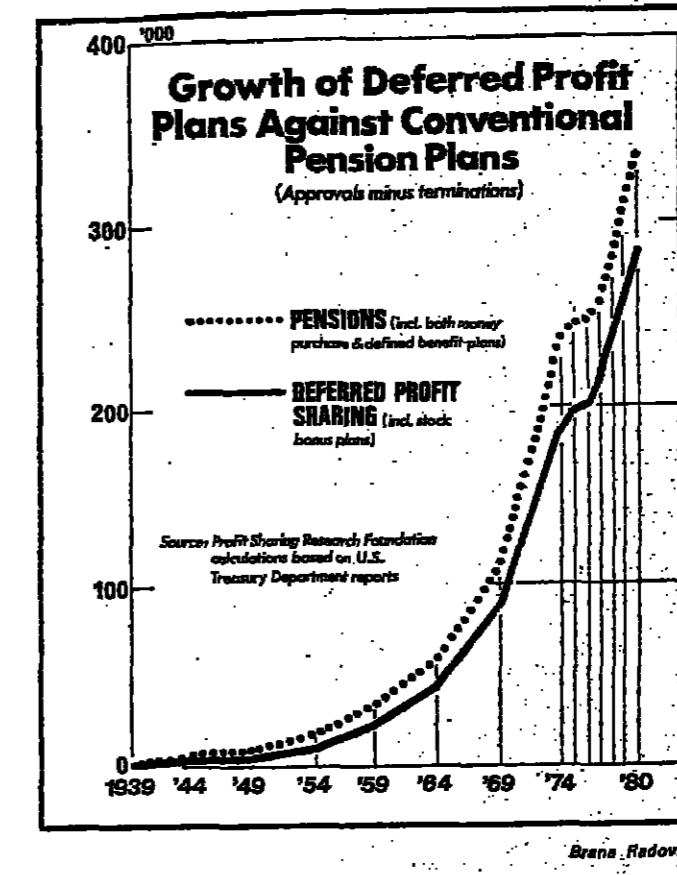
When Davison became managing partner in 1986, Andersen had only one UK office, five partners and 146 staff. Now it has nine offices, 85 partners and 1,500 employees. And its fees have increased 15-fold in real terms.

Management of this legacy now goes to Don Hanson, who opened the firm's Manchester office—the first outside London—in 1966 and for the past years has been managing partner for all Andersen's provincial offices.

Davison will divide his time in future between client matters and his growing role in the profession at large. He

is the industry were then happily wallowing in an atmosphere of little competition and strong demand in which accession to excessive pay demands was easy.

In seeking ways to respond to the Japanese challenge within the framework of American culture, it could well be that employee ownership and profit sharing are part of the answer, especially when linked with the shopfloor, work quality and productivity programmes which are now common in the U.S.



on sales of \$385m. Among the suggestions was one to reduce the number of seams in the arm of Kermit the Frog from two to one, a change worth \$42,000 per year.

The benefits under this scheme, incidentally, set into context the Ford plan, which is much less generous. Ford intends to pay a maximum of 15 per cent of its U.S. pre-tax profits into the sharing pool only if in that year it has made a 6.9 per cent return on sales. Ford's plan has no payout at all until pre-tax return on sales touches 2.8 per cent.

This is ironic in view of the still standard counter-argument to profit sharing and Esofs advanced by most American labour leaders, who say that workers should not be asked to risk their remuneration on management decisions in which they play no part. Everyone's favourite example is the disastrous Ford Edsel of the 1950s, which would not have produced shares of profits for Ford workers had each been blessed with the power and dedication of Superman.

But this reflex union response to the issue of profit sharing ignores a good deal of evidence that profit sharing schemes are often popular, both for the financial rewards they bring and for the sense of involvement they impart, at least in labour intensive businesses, such as shops (Sears Roebuck has one of the oldest and largest schemes in the U.S. banks and many manufacturing operations).

From the management side, the further growth of profit sharing, beyond the recession, will require a relaxation of anxieties about "worker domination" and the other cobwebs of socialism which clog the logic of many American business brains. A few managers will be forced to surrender the notion that sharing profits, often by some secret, discretionary formula, is a substitute for decent wages or even a decent pension. "There will have," says Bert Metzger, "to be a lot more involvement of workers in the structure and design of programmes."

Fishy fillets

True Brit diners at the Great Gallery restaurant in the RAC's Pall Mall club are running into language problems, I understand.

One complained recently to the catering manager about what he called the "jargon French" of the menu's offering of Filets de Sole Caprice. The reply was that it would be inconvenient to print it as "grilled fillets of sole cooked in bread-crumbs and served with quartered bananas and chutney."

This would go against the grain of the waiters' elegant training, the manager added.

Not to be deterred, the diner points out that the Ritz has recently gone over to an English menu, and that he would be in any case satisfied with plain "Sole Caprice." Some people seem impossible to please.

Splash story

The following from a Californian company magazine suggests that life still bubbles merrily in the west. "The flag-decked vessel left the slipway precisely at noon and took to the water." The launching ceremony was performed by our president's charming wife.

Alarum reports that she would have been sideways were proved unfounded."

Obituary

This important two day conference will cover in depth, both technical and marketing aspects of videotext technology.

Presentations will be made by experts, drawn from the industry's leading equipment manufacturers, system operators and users.

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Speakers include: John Wakeham, MP, John Durran, Alan Heimes, David Gilbert, Ken Knight, Ted Sedman, J Doring, Murray Cook, Tony Cook, Jenny Clayton, Tim Chapman, Colin Tipping, Geoff Holt, Andrew Lighting, Anthony Harris, James Smith, John Marsh, Chris Singer, Mike Ashton and Malcolm Smith.

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Full details from: Sue Bonnell, IPC Conferences Ltd, Surrey House, Throop Way, Sunbury, Surrey, TW14 4QQ. Tel: 643 8040 Ext: 4889 and 4891.

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ECONOMIC VIEWPOINT

A pedestrian Budget after all

By Samuel Brittan

IN ITS early years in office the present British Government received a hysterically hostile Press for all its financial policies, whether they were good, bad and indifferent.

The adverse reaction came not only from political opponents, but from the whole tribe of people who think that everything which happens in the world or the British economy—the world recession, the shake-out in British industry, the trend away from manufacturing—is directly attributable to "the Government". Associated with this approach was a naive projection of recent unemployment increases indefinitely into the future unless the Government "did something" of a highly inflationary kind.

Now, however, the same kind of orthodox conventional

opinion may be giving the Government far too easy a ride. People are accepting far too easily the prospect of unemployment hovering around 3m for the indefinite future. Having erected the bogey of a non-stop downward spiral, they now find real growth rates of 1½ to 2 per cent excessively encouraging, and are too easily reconciled to a level of output in 1984 lower than when the Government came to office in 1979, despite the productivity shakeout that has occurred.

One does not have to be a fanatical growthman to find this an absurd prospect for a country which has an enormous gap to make up between its own performance and that of nearly every other industrial country in Europe and North America. Real growth rates of 3 and 4 per cent p.a.—about which the

Treasury and Department of Economic Affairs used to argue in the 1960s—ought to be possible during a catching-up period, especially if British workers now unemployed or out of the labour force could be brought back into jobs.

The Chancellor has managed to convey the impression that he has miraculously reduced both taxes and the PSBR for 1982-83, a year in which public spending is expected to rise by 1 per cent above the general inflation rate. This conjuring trick has been due to tax increases announced in the 1981 Budget and in December in the form of increased National Insurance contributions—which together gave the Treasury a little over £1bn in hand for Tuesday's Budget. Taking into account the National Insurance contributions, the typical individual tax

will however be paying a

higher proportion of his income in direct taxes in 1982-83 than in the year now ending.

Given public expenditure programmes and the reliefs for industry, I would not quarrel with the personal tax decisions—only their misleading presentation. But in its broader economic strategy, the Budget has been to use no stronger term—very pedestrian. In a sentence, it does far too little to promote employment, and it plays into the hands of those who want to undermine the Medium Term Financial Strategy (MTFS).

There is no contradiction between the two criticisms. A credible commitment to a stable non-inflationary growth of monetary demand for a period of several years and direct labour market measures to promote employment would reinforce each other.

There was a distinguished short passage of economic analysis early in the Budget Speech which got to the root of the unemployment problem. "The key point is this. Somewhere in the gap between the levels of income which we pay to those out of work and the earnings enjoyed by those who have a job, are rates of pay which those now out of work would be glad to take, if they had the chance".

At this point, a former colleague near me in the Gallery and I myself both thought that a surprise measure was coming to encourage employers to price people into jobs. But as time goes ever on we remarked to each other "The surprise is that there is no surprise."

All we had was the Community Work project as an

alternative to the dole. This is long overdue and far better than nothing. But there was nothing to encourage the provision of permanent jobs of a non-relief kind, no re-examination of the whole pattern of subsidies to capital and penalties on the employment of labour, which so distorts the fiscal structure. The poverty trap is still worse than it was in 1980-81. The NIS relief was given in the most unimaginative throw-to-the-CBI way conceivable.

Even on the Community Work project, journalists were being reassured from the usual quarters that the Government was anxious not to undercut local authority and construction workers—although the Treasury's own analysis just cited shows that undercutting is the sure way back to full employment.

Lombard

Misjudgments about risk

By David Fishlock

of risk is shaped more by works of fiction than works of fact—all three sectors see police work and firefighting as much riskier occupations than they really are. Professionals even place them slightly higher than either women or students.

Likewise, surgery is seen by all sectors as a somewhat less risky matter than it really is. And American railways are seen by all three—women especially—as much safer than their death toll suggests.

The home, naturally, is seen as a haven but its benevolence is belied by the facts. All three sectors put home appliances near the bottom of their lists. Yet on the chart they come midway, above firefighting and police work.

Disparities

Other striking disparities between perception and fact include the relatively high rating given by students and women to pesticides and aerosol spray cans when they come at the bottom of real risks. But all three sectors seem convinced of the safeness of vaccination, rating it still lower than its actual death toll warrants.

All three sectors ranked four activities at or near the top of their lists. These were smoking, motor vehicles, hand guns and motorcycles. The four activities rate, respectively, first, third, fourth and sixth in fatal U.S. statistics.

All three sectors perceived alcohol as a lower risk than the figures suggest. The professionals ranked it fifth, women sixth, and students seventh. In fact, it comes second to smoking as a cause of death among Americans.

All three sectors see swimming as much safer than it really is. The death toll puts it seventh, but the professionals ranked it only 17th, the women 19th, and students lowest in their list. Equally at variance with public perception is the danger of electricity, fifth in fact, but with women giving it 18th place, and students and professionals 19th place.

Its big problems, however, lie with the very low risks, too low even to edge their way into the mortality statistics. These are the pastures in which dedicated campaigners can most easily make their appeals.

In Britain today the activities of these campaigners are aimed mainly in four directions: nuclear power (radiation), fluoridation of drinking water, pesticides and airborne lead pollution. On each of these issues it is the Government's clear duty to see that the public benefit as a whole, backed by facts and figures, does not fall casualty to a campaign with a single narrow objective.

Still looking for a financial strategy

THE TREASURY is unhappy about the reaction to the restatement of the MTFS. The supporters of medium term monetary objectives stress that the aim was to reinforce its credibility, by shifting the emphasis from Sterling M3, which has already in practice been abandoned as the principal monetary indicator and to take account of the structural changes in the financial system.

That may have been the intention. But "wet" commentators have had a field day and the articulate market reaction is summarised by Simon and Coates: "The 3 per cent increase in the M3 target for 1982-83 effectively abandons the medium-term financial strategy, and permits a healthy upswing in demand." (It is actually headed "Milton Friedman no longer rules, OK".) When did he? He thought that the Government sold the pass to the Bank by not insisting on direct regulation of bank reserves through the "monetary base control".

Unfortunately the Financial Statement or "Red Book" gives the cynics ammunition. Even if they had been given a free hand, the Red Book authors would have had their work cut out by the Chancellor's refusal earlier to explain the switch from Sterling M3 during the last year

when he had already abandoned it in practice.

But their task has been made even more difficult by the obvious pressure from their political masters to avoid at all costs a repetition of their embarrassment over Sterling M3, by steering clear of anything which looks like a commitment. Both conservative politicians and many permanent civil servants have the greatest difficulty in understanding the use of forward numbers as an aid to coherent planning which are not rigid targets to be observed irrespective of circumstances, but which are nevertheless meant to be taken seriously and not just "illustrative".

Indeed this kind of "illustrative" language understates the Chancellor's present commitment to a continuing decline in the Public Sector Borrowing Requirement (PSBR) as a proportion of the national product. But with the demotion of the monetary targets, it is no longer good enough to describe the PSBR figures as "illustrative" or state them in a way which suggests straight-line reductions irrespective of the state of the economic cycle.

There is a case for regarding Government borrowing and deficits as crucial to inflation control. The proliferation of

MONETARY GROWTH 1970-1981

	M1	M3	PSL2
1970	9	9½	10½
1971	9½	13	13
1972	14½	27	10
1973	5	26½	19½
1974	11	10½	10
1970-74	11	19	16
1974-78	16½	102	11½
1978-81	8	15½	13
1974-81	13	12½	12

Source: Financial Statement; FT Statistics Division

financial assets in the private sector, without the spur of Budget deficits, has sometimes led to financial crises and possibly aggravated the "boom and bust" cycle, but it has rarely if ever given rise to major or long-sustained inflation. But with the demotion of the monetary targets, it is no longer good enough to describe the PSBR figures as "illustrative" or state them in a way which suggests straight-line reductions irrespective of the state of the economic cycle.

Unfortunately, Sir Geoffrey Howe cannot call these historical pointers in aid, because

the recent multiplication of "private sector" financial assets has been powerfully aided

by a Government-owned body known as the Bank of England. As the chart shows, the rundown in the Bank's holdings of government securities has been offset by a large acquisition of commercial bills (called "other securities"). Indeed the Bank now holds a large proportion of all outstanding commercial bills. The aim, of course, has been to supply the bank with reserves to prevent undesired increases in interest rates.

It is very difficult to distinguish such purchases from "off Budget" government lending to the private sector. This fact is not itself a condemnation.

The level of bank deposits needs to grow at an adequate but not inflationary rate, and as many people have pointed out, economic recovery involves at least some expansion of bank credit.

But so long as the Bank takes such an active role—in practice by supplying reserves to support an interest rate objective

—the production of financial assets cannot be regarded as a spontaneous private sector phenomenon; and if inflation is not to rise again, some rules are required to regulate the growth of either interest rates

or the monetary aggregate.

The big question about the recent increase in bank deposits, which forms the counterpart of the rise in bank lending, is whether they will be used to support an inflationary rise in total spending or whether there has been a major shift in the ratio of broad money to GNP (in alternative language, a fall in velocity). The shift hypothesis is more likely than not.

But experience in the Heath period of 1970-74, when the introduction of Competition and Credit Control was used as an argument for not taking seriously the rise in Sterling M3 should induce extreme caution.

The Red Book suggests that the narrow "M1" aggregate may rise above the new 8 to 12 per cent target as a result of falling interest rates. In that case one should look for reductions in the growth of the wider aggregates. If all the aggregates are growing by above the target range, we should be very suspicious indeed.

The assumption in the Red Book of "no major changes in the Exchange Rate" is meant to be taken seriously in determining interest rate policy. A formal target range has been avoided because of events such as oil price explosions or collapses which may warrant an alteration.

But why cannot this be said of the heads of Red Book readers?

Why cannot there be some indication of the relative weights to be given to the different monetary aggregates and to exchange rate movements? I would have been willing to leave this to the Treasury and Bank's technical judgments (which could be scrutinised by the Parliamentary Committee) if these intermediate aims were formally linked to an objective for Money GDP, which is the ultimate aim of the whole M3 should induce extreme caution.

In all but the most clear-cut cases—when it will probably be too late—interest rate policy will still be decided by the Prime Minister, Chancellor and Governor according to their instincts at the moment. The purpose of a Strategy, whether governmental or corporate should, however, be to lessen the need for seat of the pants driving, even though it can never be avoided.

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Why cannot there be some

Letters to the Editor

Milk prices: the dairy argument for direct buying

From the Chairman, Heids Dairies

Sir—John Cherrington (March 5) evades dealing with the fundamental problem.

First hand buyers have to buy milk from the Milk Marketing Board at prices fixed by Government. Because more than half the milk produced is going into milk manufacture at a low price the pool price which the board pays to all wholesale producers is diluted.

Ten years ago less than a quarter of all milk produced went into manufacture and so the cost of the subsidy from the retail market was less onerous. It is very different today and will get much worse unless milk

manufacturers (the Milk Marketing Board is by far the largest single manufacturer) pay more for their milk or less milk is produced in total.

At present we are paying 16p per gallon (2p per pint) more to the board than the producer receives, and in some months as much as 20p per gallon (2½p per pint).

I don't blame milk producers near urban areas entering the liquid market; the advantages of avoiding selling to the board are obvious. The producer processor does not pay the co-responsibility levy, and even the charges or the whole cost of subsidising milk for manufacture

of financially weak ones.

The problem is one of business opportunity and supplying what the customer wants. I think the changes to the rules of the game proposed by Jimmy Hill and his colleagues are hardly likely to make the financial contribution required. D. Wright

Leigh Court, Byron Hill Road, Horrocks on the Hill, Middx.

Rates can be reduced

Sir—It seems churlish to criticise the Borough Treasurer for being wrong when he had probably made such a brave attempt to point the way to reduced rates (March 6).

The myth that rates cannot be reduced without affecting the level of service sounds plausible; indeed, it has the ring of truism. But it depends upon the (mistaken) assumption that the rates collected last year and every year before that were necessary for the given level of service. I do not mean this in a general sense; I mean that the system of rate-fixing, which is known as "incremental budgeting", strictly depends upon this assumption.

I think the only way a football ground will be able to provide comfortable accommodation, ease of access and sufficient parking is if a new ground is built on an out-of-town site. Such a development could be planned in conjunction with other business activities, such as other sports, retailing, etc. Perhaps the sale of a town-centre site would provide all the finance required.

Whatever happens, sporting activities can no longer support professional clubs. Although the market forces will lead to a decline in the number of League clubs naturally, it would seem to be more sensible to plan the re-organisation. In this way there could be a League with a small number of strong clubs instead of a large number

Tax on gains that are not real

From Mr S. Dow

Sir—Sir Geoffrey Howe rightly states in his Budget speech that "It is intolerable for people to be permanently condemned to pay tax on gains that are apparent but not real".

By excluding past gains from the indexation provisions, however, he has surely secured that "permanent condemnation" for those who have held assets for up to 17 years and who cannot realise these assets and acquire others of equivalent nominal value without incurring a substantial financial penalty.

It would be a splendid triumph for fiscal fair play if an amendment were passed to remedy this injustice.

S. Dow

38 Dalziel Drive, Pollokshields, Glasgow.

embarrassments of riches.

We will be told that although there were indeed vast balances in the local authority coffers in the second half of the last decade, Mr Heseltine has changed all that. But let us remember that in 1975 the apocalyptic vision of the then Secretary of State was that, for local government, "The party is over". Well, the party might well have been over but the booty still grew. Indeed, the threatened abolition of supplementary rates will make matters worse than they were.

If councils are denied that option they will take out even more insurance against the need for it.

The Restormel Treasurer was right to say that rates can be reduced. They can. And without affecting levels of service. Believe me.

Rowan Jones
Department of Accounting,
Faculty of Commerce and Social
Science, Muirhead Tower,
Ring Road North,
The University of Birmingham,
P.O. Box 363, Birmingham.

Tedious and boring

From Mr R. Hackett
Sir—That over half the student population find industry "tedious and boring" strikes me as hardly newsworthy (March 3).

I thought that it was an accepted fact that approximately 80 per cent of an average business day consists of dull repetitive tasks, which are occasionally, and temporarily, relieved by the ringing of a telephone, or playing with various "executive" toys. I don't think I am alone in making such an assumption.

Robert C. P. Hackett
Thorvaldsenstr. 34,
Frankfurt am Main,
West Germany.

HOW READY IS YOUR READY-MADE FACTORY?

You know the set-up. No heat. No power. No offices. Sign tomorrow then three months before you can move in. Make the best of it. Look for your blessings and then try to count them.

Well, you can forget all that, now Northampton can offer you Brackmills 7. These are the last word in ready-made factories. All the amenities are there. Waiting for you. Ready. Right down to car-parking and landscaping. Everything you need.

Sign in the morning—move in after lunch. We're that ready for you. And there's more good news. Rents go from £2.05 to £2.20 per square foot. Sizes go from 5000 to

Companies and Markets

UK COMPANY NEWS

TI £23m loss but better trend

AT THE trading level, Tube Investments made a return to profitability in the second half of 1981 with £7.6m for the period, leaving a full-year deficit of £9.6m, compared with a profit of £5.8m in 1980. All areas of the group, except the aluminium side, reported improved results in the second six months.

Pre-tax losses for the year came to £23.1m, against a profit of £26.7m previously. The second-half deficit was cut to £9.4m against a mid-term loss of £13.7m which was after crediting a £9.4m surplus on the sale of Bridgewater House, the group's former London headquarters. The directors said then that they expected a materially improved trading performance in the second six months.

Reflecting a year of acutely depressed activity, group turnover slipped from £1.68bn to £1.52bn in 1981. Tax charges were down from £103m to £53m and the net result showed a reversal from a profit of £16.4m to a loss of £23.4m. Stated deficit per £1 share was 32.7p (15.5p earnings).

The directors say that the 1981 results taken in isolation would not justify a dividend. However, they believe they should take a wider view, including taking into account the prospect for future earnings, and accordingly, a final dividend of 5p (2.5p net) is declared making the total payment 50 per cent lower at 7.5p.

The year's trading profits were before crediting the surplus on the sale of Bridgewater House. Interest charges rose by £4.5m to £29.8m mainly reflecting higher borrowing during the year, while associates' debts amounted to £2.6m (£1.5m). Attributable losses increased

from £18.7m to £27.9m after point, which threatened the viability of the remainder of the BA group, and could not be allowed to continue, the directors explain.

Following the closure, the BA Group will be a net buyer of primary aluminium but with the successful start-up in the latter part of 1981 of the modernised and expanded Lochaber Smelter, with its own hydro-electric power supply, it will still produce about half of its primary metal requirements internationally.

The cycle business has had to respond both to import penetration and to major erosions of its export markets caused by the strength of sterling. In addition, a depressed UK cycle market, exacerbated by severe trade overstocking, further depressed manufacturing levels in the first half of 1981.

A major programme of re-trenchment has been undertaken in order to bring capacity and the cost base into line with prospective requirements, involving closure of satellite factories and a reduction in the work force and staff in the large factories in Nottingham and Birmingham.

Intensive efforts have also been made to improve material procurement and manufacturing methods and an improved model range has been developed for 1982.

A breakdown of trading profits for the first and second halves of 1981 shows respectively: aluminium £1.9m loss (£13.6m profit); and £7.9m loss (£7.9m profit); cycles and toys £7.7m loss (£3.5m profit); and £1.8m loss (£2.5m profit); domestic appliances £5m (£4.2m) and £7.8m (£15.8m); steel tubes £0.8m loss (£7.6m profit) and £6m profit (£0.9m); specialised engineering

Schroders raises final as net profits soar

With profits after tax of £23.2m to £1.7m during 1981, the directors have increased the final dividend by 5p to 10.5p. This raises the total payout from 10.5p to 13.5p net.

The pre-tax figure was struck after interest on loans increased

1981 £ 1980 £
Operating profit ... 10,124,000 9,581,000
Interest on loans 2,104,000 1,981,000
Leaving 8,020,000 7,547,000
Realised capital 6,684,000 383,000
Total pre-tax profit after tax ... 14,714,000 8,230,000
Consolidated balance sheet
At December 31 1981 1980 £
Capital and disclosed reserves 23 61
Minority interests 4 4
Loans 42 41
Mortg 125 105
Deferred tax - leasing subs. 24 22
Deposits and inner reserves 2,344 1,717
Acceptances 285 285
Unit assets 1,224 325
Other listed securities 58 34
Loans and advances ... 1,002 723
Acceptances 269 261
Leasing subs. 27 21
Other invests. etc. 27 21
Totals 2,766 2,106
from £1.65m to £2.1m, and substantially higher realised capital profit credits of £8.85m, com-

pared with £383,000.

Schroders is a holding company with interests in banking, finance, insurance and investment.

● comment

Schroders, is the first of the big merchant banks to report its 1981 profits, and a 79 per cent increase in disclosed profits plus a 28 per cent increase in the dividend, was enough to send the shares 7p higher to 440p. However, the bulk of the profits come from £6.85m of realised capital profits and the rest of the business did little more than mark time. With banking margins under pressure, Schroders is putting considerably more emphasis on investing its capital outside its traditional banking business. The long-term success of the change in the group's strategy has still to be proved but with close to two-thirds of its assets in foreign currencies and a bias towards expansion overseas, Schroders maintains a premium rating in the merchant bank sector. The shares yield 4.5 per cent.

KIRBY DARTFORD

Tim Brookes and Alastair Jones

of chartered accountants, Peat, Marwick, Mitchell and Co., Birmingham, have been appointed joint receivers and managers of Kirby Dartford, and Box Machinery (Rugby). Both companies are engaged in the manufacture and maintenance of packing machines.

The receivers intend continuing trade in the short term with a view to the sale of the business as a going concern.

Shares in American Oil Field Systems are traded on the London Stock Exchange under Rule 163(3). The company participates in the U.S. gas and oil industry by investing in working interests in oil and gas exploration and development.

A sharp downturn in results is reported by two members of the Thorn EMI group in respect of the six months to September 30, 1981.

The company ceased trading prior to the appointment and the receivers are looking for a purchaser for the company's factory at Western Industrial Estate, Caerphilly.

Peter Davies and David Snowden of chartered accountants Peat, Marwick, Mitchell and Co., Cardiff, have been appointed joint receivers of B. J. Plant Hire (Caerphilly).

The current year had started well, continuing the "highly satisfactory progress" made in the company's first full year of trading. Its concentration on gas exploration had proved ex-

tremely sound in light of the marked drop in the price of oil said. Over 85 per cent of its future net revenue was estimated to come from gas.

Since the September 1981 year end it had committed \$3.5m to the drilling programme of its partner Oil Field Systems Corporation.

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The receivers intend continuing trade in the short term

Baco loses £20m at Invergordon

ADVERSE trading conditions were reflected in the taxable deficit of £22.3m at the British Aluminium Company for the year 1981, of which £20m related to the Invergordon closure. This compared with a previous surplus of £12.1m. Turnover slipped from £278.13m to £267.74m.

The final dividend has been passed. The previous net total payment was 7.5p, including a final of 2p. In the second half taxable losses amounted to £13.47m compared with previous profits of £2.84m. The interim payment was also passed. Stated losses per 50p ordinary share this time came to 48.6p, against earnings of 19.7p.

The company is 58 per cent owned by Tubs Investments. World consumption of primary aluminium fell, for the second successive year, by about 5 per cent say the directors. Stocks again increased, reaching the equivalent of three months' consumption by the year-end.

In the UK consumption of rolled products remained at the low level as in 1980, while usage of extrusions declined further. Excess capacity in Europe and the strength of sterling caused further erosion.

of UK prices for semi-fabricated products. World prices for primary aluminium were severely depressed.

Low prices and a further increase of more than a third in the cost of power resulted in losses at Invergordon, which totalled nearly £22m in the year and were running at more than £300,000 a week in the fourth quarter.

Losses of this magnitude could not continue to be sustained without endangering the viability of the group, say the directors. When efforts to negotiate revisions to the power contract were unsuccessful, there was no alternative but to terminate the contract and the smelter was closed on December 30.

As a result of the Invergordon closure the company has become a net buyer of metal. This will permit a more flexible approach to the problems of the semi-fabricating operations. The profitability of downstream and non-aluminium operations has held up well.

While the losses formerly incurred at Invergordon have been eliminated, the directors say that adverse trading conditions persist. These continue to affect performance, particularly

in the group's semi-fabricating operations. There is as yet no sign of recovery in UK economic activity or in the international aluminium market, they add.

Demand for the group's products remained depressed throughout the year and total external sales were 4 per cent below the previous year. The rate of sales was less favourable because reduced internal demand made it necessary to sell higher tonnages of primary aluminium overseas while prices were falling. Total group sales to overseas customers accounted for 41 per cent of turnover (34 per cent in 1980).

The secondary aluminium rolling and commercial extrusion operations also incurred losses. All other businesses traded profitably but the group lost £13.7m at the trading level.

Extraordinary items relating to the closure of the Invergordon smelter and other rationalisation measures carried out during the year amounted to a net credit of £1.5m.

The extraordinary items relating to the Invergordon closure showed a residual value for the power contract of £79.33m and included the waiver of a Government loan amounting to £21.25m.

The write-off for the gross cost of the Invergordon smelter less depreciation came to £6.96m. There was a credit for deferred income of £8.08m. Closure costs came to £17.34m. Reorganisation and other extraordinary costs, excluding Invergordon, came to £20.37m.

The tax charge of 51m (£2.38m) is mainly accounted for by overseas tax.

Net borrowings rose from £23.3m to £42.2m and represented 41 per cent of shareholders' funds. In addition to trading losses and rationalisation costs, the cash flow reflects investment at the Lochaber smelter, partly offset by a net receipt of £15.5m arising from the Invergordon

Alcan (UK) dives into £25m loss

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications of when dividends are payable are available as to when dividends and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interim—Matthew Clarke, Coronation Syndicate, HTV, Staffordshire Potteries, Stockport, United Collieries.

Finals—Anglo-American Gold Investment, Anglo-American Industrial, Brooks Watson, Cadbury Schweppes, Clarke, East Lancashire Paper, Thomas Clark, National Gypsum, New Zealand, Nu-Swift Industries, Penrose, Refuge Assurance, Thomas Robinson, Rossediamond Investment Trust, Royal Dutch Petroleum, Shell Transport and Trading, United Biscuits.

FUTURE DATES

Interim—Jarvis (J.) Mar 15
Paterson Zacharia Mar 23
Waring and Gillow Mar 19

Finals—

Amalgamated Bestobell Mar 22
Firmin Mar 23
Fitzpatrick's Paints Apr 15
KCA International Apr 2
Rugby Portland Cement Apr 17
Tilting (Thomas) Mar 17

Despite the very depressed economic climate, the directors say substantial plant modernisation and other development projects have been completed. This policy promises substantial productivity gains and has prepared the company to take advantage of an economic upturn when it comes.

There was a trading loss of £1.8m (£1.7m profit) during the year, and the pre-tax figure was struck after interest charges little changed at £13.9m (£13.8m). Tax took £400,000 (£1.2m), leaving an attributable loss to ordinary shareholders of £26.1m (£2m profit).

See Lex

Funds absorbed by operations amounted to £13.4m against £14.2m being generated from operations in the previous year. There was a loss per £1 ordinary share of 57p (49p earnings).

On a CGA basis, there was an operating loss of £35.3m (£14.8m), and the attributable loss was £24.8m against £20.9m. The loss per share on this basis was 53.6p (46.3p).

See Lex

Eurotrust moves ahead at six months

A RISE in post-tax revenue was seen in F and G Eurotrust for the months to December 31. Gross income was ahead from £108,000 to £146,000, which included a rise in unfranked income from £87,900 to £115,000.

Minority profits took £20,000 (£14,000) and there were extraordinary items this time of £22,000 (£16,000 debit). These included a provision for a loss on an overseas associate of £14,040 and a surplus on the sale on Anlaby House (including tax relief) of £389,130.

The loss per 20p share is stated at 12.5p (9.29p) before tax credit on stock relief no longer required, and at 4.83p after such credit.

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The directors say that the unfranked investment income received during the first half of the year is not comparable with that received in the previous first half, and is also not indicative of that likely to be received in the full year.

Management expenses and interest fell from £100,400 to £20,400. The charge for taxation rose from £8,000 to £43,000. Earnings per 25p share were stated as higher at 0.7p (0.05p).

Net assets were £4.5m (£4.4m)—giving net asset value per ordinary share of 64.2p (62.2p).

The foreign currency loan at the year end was DM 2m, fixed to April 13 1983. The company has an additional loan facility of up to £1.5m, under which DM 2.16m was drawn on January 27 1982.

In the last full year after-tax profits stood at £117,800 on gross income of £443,000.

See Lex

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BY ORDER OF THE
UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA

In re
AMERICAN COMMUNICATIONS
INDUSTRIES, INC., a Delaware
corporation, Debtor.

NO. LA 81-17632-JB
(Chapter 11)

In re
AMERICAN CINEMA RELEASING, INC.,
a California corporation
Debtor.

NO. LA 81-17633-JB
(Chapter 11)

In re
AMERICAN CINEMA PRODUCTIONS,
INC., a California corporation,
Debtor.

NO. LA 81-17634-JB
(Chapter 11)
NOTICE OF CLAIMS AND INTERESTS
BAR DATE
(LAST DAY TO FILE CLAIMS)
AND OF CLAIMS PROCEDURE

TO: CREDITORS AND EQUITY SECURITY HOLDERS OF AMERICAN COMMUNICATIONS INDUSTRIES, INC., AMERICAN CINEMA RELEASING, INC. OR AMERICAN CINEMA PRODUCTIONS, INC. AND TO ANY PERSON OR GOVERNMENTAL UNIT THAT ASSERTS A CLAIM AGAINST ANY OF SAID ENTITIES.

PLEASE TAKE NOTICE: The United States Bankruptcy Court for the Central District of California (Honorable John E. Bergener, presiding) has entered its Order requiring all entities that assert claims against interests in American Communications Industries, Inc., American Cinema Releasing, Inc. or American Cinema Productions, Inc. (the "Debtors"), and that wish to vote on a plan of reorganisation or to share in any of these estates, to file proof of claims or interests on or before 4:00 p.m., Los Angeles Time, April 12, 1982. A claim or interest not filed by that time will be FOREVER BARRED from participating in any of these estates, from voting with respect to any plan of reorganisation filed in the within Chapter 11 cases and from receiving any distribution under such plan of reorganisation; nevertheless, the holder of such unfiled claim or interest shall be bound by the terms of any such plan of reorganisation if such plan is confirmed by the Bankruptcy Court.

ALL CLAIMS AND INTERESTS MUST BE FILED ON THE APPROPRIATE COLOR FORM, AND MUST BE FILED BY MAIL WITH THE OFFICE OF THE BANKRUPTCY CLERK, UNITED STATES BANKRUPTCY COURT, UNITED STATES COURTHOUSE, ROOM 906, 312 NORTH SPRING STREET, LOS ANGELES, CALIFORNIA 90012 OR BY DELIVERY TO THE CLERK AT THAT ADDRESS.

PLEASE NOTE: Since the Debtors have separated their unsecured trade debt into two distinct classes, different color proof of claim forms are being utilised to determine what type of claim their creditors are asserting. If your trade claim arises as a result of goods provided or services rendered to any one of the Debtors on or after July 17, 1981 directly and solely pertaining to the motion pictures "The Entity," "The Jury," "Tough Enough," "Beatlemania," or "Force: Five," you should file your claim on a PINK proof of claim form. If you have any other unsecured trade claim against any of the Debtors, including a claim arising from the rejection of an executory contract or an unexpired lease, you should file your claim on a BLUE proof of claim form. If your claim or equity security interest does not fall into one of these two categories, you should file your claim or interest on a WHITE proof of claim or interest form. Copies of pink, blue and white proofs of claim or interest forms may be obtained by written request to Richard Kaufman, Credit Manager's Association of Southern California, 2300 West Olympic Blvd., Los Angeles, California, 90010.

The relevant portion of this Court's Order follows:

ORDERED that:

1. Any entity that asserts a claim against the Debtors, or any of them, and that desires to have such claim allowed in these cases, or in any of them, and thereby participate in any plan of reorganisation filed in the within Chapter 11 cases, must file a proof of claim, on the proper color form, as set forth in the "Notice of Claims and Interest Bar Date (Last Day to File Claims) and of Claims Procedure," pursuant to Local Bankruptcy Rule 3001(b)(2)(B) and Rules of Bankruptcy Procedure 10-41(b)(3)(B) and 11-33.

2. Any entity that in the past or at the present time asserts an equity security interest in the Debtors, or in any of them, or that asserts a claim as a holder of any of the Debtor's debt securities and that desires to have such interest or claim allowed in these cases, must file a proof of that interest or claim on the proper colour form, as set forth in the "Notice of Claims and Interest Bar Date (Last Day to File Claims) and of Claims Procedure."

3. All proofs of claims and interest that are required to be filed under paragraph 1 and 2 hereof shall be filed on the appropriate colour form, as set forth in the "Notice of Claims and Interest Bar Date (Last Day to File Claims) and of Claims Procedure," with the Clerk of this Court on or before 4:00 p.m., Los Angeles Time, April 12, 1982.

4. Claims of the codebtors, sureties, or guarantors, that may be filed under Bankruptcy Code § 501(b), Local Bankruptcy Rule 3002, and Rules of Bankruptcy Procedure 10-402 and 11-33(d), and claims to be filed by the Debtors or Debtors in Possession on behalf of a creditor under Bankruptcy Code Section 501(c). Local Bankruptcy Rule 3004, or Rule of Bankruptcy Procedure 11-33(c), may be filed at any time after the date of this Order, but shall be filed with the Clerk of this Court on or before 4:00 p.m., Los Angeles Time, April 27, 1982.

5. Any entity that asserts a claim against the Debtors, or any of them, arising out of the rejection by the Debtors in Possession, or by any of them, of an executory contract or unexpired lease, or arising out of the recovery by the Debtors in Possession of a voidable transfer, or arising out of the inaccuracy of certain taxes, as described in Bankruptcy Code Sections 502(e), 502(h), or 502(i), respectively, and that wishes to have such claim allowed in these cases, or any of them, must file a proof of such claim with the Clerk of this Court within 30 days after entry of an order approving rejection of the executory contract or unexpired lease, within 30 days after entry of an order or judgment avoiding a transfer, or within 30 days after the relevant tax claim arises.

6. Pursuant to Bankruptcy Code Section 501(a), Local Bankruptcy Rule 3001(b)(6) and Rule of Bankruptcy Procedure 10-401(b)(6), an indenture trustee, as defined in Bankruptcy Code Sections 101(22) and 101(23), may file a proof of claim on the proper colour form, as set forth in the "Notice of Claims and Interest Bar Date (Last Day to File Claims) and of Claims Procedure," for holders of the Debtor's debt securities issued under the indenture under which the indenture trustee serves within the time fixed by paragraph 3 of this Order. Any such claim filed by an indenture trustee shall be reduced to disallowance (in whole or in part) to any extent that (a) a claim on account of a particular security represented by that indenture trustee and included within its claim is disallowed by order of this Court, (b) such a security is held by the Debtors or Debtors in Possession, or (c) the Court orders otherwise with respect to such a security. Any such claim shall be reduced, disallowed or subordinated (in whole or in part), based on the equities of the particular instance, to any extent that a claim on account of a particular security represented by that indenture trustee and included within its claim is subordinated under Bankruptcy Code Section 510.

13. Any entity that asserts a claim against, or an equity interest in, the Debtors, or any of them and that is required by this Order to file but does not file a proof of such claim or interest within the time fixed by this Order, shall:

(a) be forever barred from (i) participating in any of these estates, (ii) voting with respect to any plan of reorganisation filed in the within Chapter 11 cases, and (iii) receiving any distribution under any such plan of reorganisation pursuant to Local Bankruptcy Rule 3001(b)(2)(B) and a Rule of Bankruptcy Procedure 10-401(b)(3)(B); and

(b) be bound by the terms of any such plan of reorganisation if such plan is confirmed by this Court.

14. Notwithstanding anything contained in this Order to the contrary, any proof of claim or interest properly filed with the Clerk of this Court prior to the mailing of the notice in accordance with paragraph 7 of this Order, shall be deemed to be and shall be treated as a properly filed claim or interest, as the case may be, subject to the right of the Debtors or any party in interest to object to the allowance thereof.

John E. Bergener
UNITED STATES BANKRUPTCY JUDGE

Companies and Markets

UK COMPANY NEWS

Holmes à Court ups ACC stakes to £60m

BY JOHN MOORE, CITY CORRESPONDENT

Associated Communications

Corporation, the entertainments

conglomerate built up by Lord

Grade, yesterday received two

more offers for the company from

Mr Robert Holmes à Court, the

Australian entrepreneur. The

Australian's latest and highest

offer values ACC at over £60m.

In January Mr Holmes à

Court made a first bid which

placed a value of £36m on ACC.

He has been forced to raise his

offer for the company through

counter bids and legal action by

Heron Corporation, the

diversified private company

headed by Mr Gerald Ronson.

In all, five offers for ACC have

been announced by Mr Holmes à

Court and two by Heron.

Mr Holmes à Court's two offers

announced last night have been

made through associates of his

former company the Bell Group.

The company through which

Mr Holmes à Court is making the

new offer is TVW Enterprises,

as publicly quoted Australian

television company. The earlier

bids had been made through

Bell.

At this stage in his bid cam-

paign, and at the insistence of

the Takeover Panel, Mr Holmes à

Court on Tuesday appointed

advisers to deal with the latest

bids. Bank of America Inter-

national is dealing with the new

offers on behalf of Mr Holmes à

Court's business interests.

The two offers announced by

TVW Enterprises last night are

as follows.

TVW No 1 offer. Holders of

the non-voting "A" shares in ACC

are offered £10 per share in

cash which places a value of

£52.7m on the non-voting equity.

Holders of the crucial voting

shares will receive a price deter-

mined in accordance with the

articles of association of ACC.

Voting shareholders could receive

around £4.40 per share assuming

the formula in the articles of

association is used, and which

would value the voting equity at

£60.00m.

The number 1 offer is conditional on TVW obtaining acceptances in respect of not less than 50 per cent

of the ordinary shares or stock units

such lower percentage as

TVW Enterprises consider

TVW already holds 52 per

cent of the non-voting equity of

ACC. Bell Group owns 2.2

per cent of the voting shares. If

shareholders accepted this offer

TVW would only have to pay out £29m in cash.

TVW No 2 offer. Holders of the

non-voting "A" shares are offered

95p per share in cash.

In the event of offer number

one not receiving the required

acceptances and the number

two offer exceeding it the London stock

market, the panel forced an

increase in the bid.

Mr Holmes à Court is

asked to meet a specially con-

vened formal session of the Take-

over Panel early next week to

discuss the events leading up to

the breach of the takeover code.

Heron was last night studying

the changed situation. It was

expected to issue its formal offer

document yesterday detailing its

90p per share offer but decided

to hold back until it had seen

more details of the Australian's

latest offers.

The stock market ACC non-

voting "A" shares rose 9p to

105p.

Financial Futures

London prepares for a dynamic new market

The Launch of LIFFE—London International Financial Futures Exchange—is scheduled for September. Trading will be 'Open-Cry' and will operate with disciplines and techniques formulated to meet the standards of a demanding and active exchange.

THE BANKER, in its April issue, will be talking about the opportunities for 'Market-Making' members and institutional investors to develop a dynamic European financial futures market, plus an assessment of the interest rate and currency risk protection financial futures markets provide. Also, THE BANKER will be reviewing the developments in other centres—Chicago, New York, Toronto, Hong Kong, Singapore and Tokyo.

Banks and Institutions wishing to advertise their presence and commitment to this important sector should contact:

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CONTRACTS

Five new coal developments for NSW

THE GOVERNMENT of New South Wales plans to release five new areas for coal mining, estimated to contain around 2bn tonnes of recoverable coal, according to Mr Neville Wran, the state's Prime Minister.

The areas, in the coal-rich Hunter Valley north of Sydney, are expected to produce an eventual 15m tonnes of coal a year, reports Patricia Newby from Canberra. The coal is principally of the type useful for power generation.

Mr Wran said his government is inviting applications for leases from interested companies, with the main consideration being the achievement of the maximum return for the state.

Coal producers in New South Wales are currently in dispute with the state government over a recent 20 per cent increase in freight charges. This came on top of a wage rise of A\$63 (£37) a week for miners and other items reported by Tongkak Harbour Tin Dredging for the

Ayer Hitam has good first-half

BY KENNETH MARSTON, MINING EDITOR

ONE OF Malaysia's leading tin producers, Ayer Hitam, reports a net profit of M\$2.5m (£701,500) for the six months to December 31 which compares with M\$2.27m in the same period of the previous year.

The latest earnings per share come out at 48 cents (11.5p), per share and the interim dividend is being reduced by 10 cents to 50 cents.

Ayer Hitam benefited from both increased production and higher tin prices in the past half year, but the dredges will be working in lower grade ground during the second half. Consequently, the company expects some falling off in profits.

A halved net profit of M\$212,000 before extraordinary items is reported by Tongkak Harbour Tin Dredging for the

Property deal ends at Rush & Tompkins

Rush and Tompkins, the property and building group, and Carroll Group, the Dublin-based cigarette and tobacco group, have ended their joint development of a Chelmsford property site.

The two groups have exchanged shares in two jointly-held subsidiaries with the effect that one, Dukes Park Industrial Estate, is 100 per cent owned by Rush and Tompkins while the other, Adamvale, is 100 per cent owned by Carroll.

The two companies set up the jointly-held groups in 1976. Since then, Dukes Park has been developing a 58-acre industrial estate while Adamvale has been developing a 100-acre residential site adjoining the estate.

To date, 460,000 sq ft of space has been developed on the industrial estate and 170 houses have been built on the residential land.

The two companies said that the share exchange is in line with Rush and Tompkins' policy of reducing its residential development activities and concentrating on commercial and industrial development. The exchange also complements the Carroll Group's policy of consolidating its residential ownerships in the south-east while expanding its commercial and industrial development programme.

Mr Peter Trew, a director of Rush and Tompkins, said yesterday that the amounts of shares exchanged were "nominal".

Israeli gem imports

THE ISRAELI Ministry of Commerce and Industry has decided to permit the importation of a country duty-free tax free of polished diamonds from other cutting centres, reports our Tel Aviv correspondent.

Israeli firms will thus be able to offer foreign diamond buyers the widest possible selection of finished goods. The imports will complement the output of the Israeli plant which concentrates largely on mezzes (ranging in size from 40 to two stone per

Stag results held steady

in the previous corresponding period.

The final dividend has been held at 3.25p which represents the directors' state. Group taxable profits for the year to December 25 1981 were lower at £1.34m against £1.47m previously, after £706,000 (£844,000 at half-year).

The directors point out that although trading losses at Avalon have been reduced, they have not yet been eliminated.

Group trading continues to be difficult, they state, and there is no sign yet of any sustained improvement in demand. However, they add, sales and profits for the first two months of 1982 compare favourably with those

fully taxed p/c of 15 on yesterday's unchanged share price of 99p. Meanwhile all three group companies are busy and overall volumes and profits are better than a year ago. But margins remain tight and, following the 20 per cent fall in furniture industry consumer deliveries last year, the market has some way to go to get back to normal.

On a CCA basis, pre-tax profits were £1.1m.

• comment

Improved second-half results at Stag Furniture Holdings reflect the effects of corrective measures taken at Avalon. After two years of losses, this overshoot, struggling at the highly competitive lower end of the furniture market, seems to have been finally put on course for a return to the black in the current year. No further re-shaping costs are anticipated following last year's relatively painless reorganisation with the 11 per cent cut in workforce achieved mainly by natural wastage and related costs covered chiefly by a surplus on the sale of the Kingston factory. With insignificant debt, high liquidity and stocks under control the group is well able to mark time until demand revives — a strength underlined by a

Reasonable' year for John Hadland

Despite cautious budgets for the current year, Mr John Hadland, chairman of John Hadland Holdings, electron optical camera concern, says the group will again make a reasonable profit.

He tells members in his annual review that it is evident that the pattern of profitability which occurred in 1980/81 — a loss in the first half which was more than recovered in the second six months — will recur.

First quarter trading has been poor, he says, but the directors expect to see a reasonable recovery during the next few months and believe your company will produce half-year results slightly better than those of last year.

As reported on February 18, following a pre-tax loss of £66,000 (£223,000 profit) at midway, the group moved back into the black during the second half and finished the October 31 1981 year with a surplus of £169,242 (£514,519).

The company's shares are traded on the Unlisted Securities Market.

Yearlings total £13.8m

Yearling bonds totalling £13.8m at 13 1/2 per cent redeemable on March 16 1982 have been issued this week by the following local authorities.

Middlesbrough (Borough of) £0.5m; Sedgemoor DC £0.5m; Woking BC £0.5m; Blaenau Gwent (Borough of) £0.2m; Gateshead (Borough Council of) £0.5m; High Peak (Borough of) £0.5m; Macclesfield DC £1.1m; Rushcliffe DC £0.75m; Glasgow (The City of) £0.5m; Allerdale DC £0.5m; Darlington BC £0.5m; West Yorkshire Metropolitan CC £0.75m; Telford (Borough of) £0.5m; Wirral BC £1.3m; Cunningham DC £0.5m; Erewash (Borough of) £0.5m; Southwark (London Borough of) £0.5m; Sunderland (Borough of) £1m; Saltford (City of) has issued 10.75m of 13 1/2 per cent bonds for redemption on March 7 1984.

Consequently, in conformity with provisions of the Trust Deed governing the above-mentioned Debentures, the conversion price will be adjusted by deducting from the original conversion price of £1.225 for five Bearer Shares the amount of £334.29 which is the average of the last paid prices on the Geneva Stock Exchange for five Rights. Thus, the new conversion price will be £890.71 for five Bearer Shares and, upon any future conversion, Debenture holders will be paid the amount of £334.29 per Debenture in cash. Such adjustment becomes effective on March 9, 1982 on which date the right of conversion of the Debentures becomes exercisable again.

BANQUE DE PARIS ET DES PAYS-BAS (SUISSE) S.A.

Pursuant to our publication on February 4, 1982, of an announcement relative to a capital increase of Banque de Paris et des Pays-Bas (Suisse) S.A. from SF 180,000,000 to SF 270,000,000, we notify you hereby that the subscription of the new 900,000 Bearer Shares of SF 100 per value has been duly completed on March 4, 1982 at 12 a.m.

Consequently, in conformity with provisions of the Trust Deed governing the above-mentioned Debentures, the conversion price will be adjusted by deducting from the original conversion price of £1.225 for five Bearer Shares the amount of £334.29 which is the average of the last paid prices on the Geneva Stock Exchange for five Rights. Thus, the new conversion price will be £890.71 for five Bearer Shares and, upon any future conversion, Debenture holders will be paid the amount of £334.29 per Debenture in cash. Such adjustment becomes effective on March 9, 1982 on which date the right of conversion of the Debentures becomes exercisable again.

BANQUE DE PARIS ET DES PAYS-BAS (SUISSE) S.A.

Geneva, March 9, 1982.

A FINANCIAL TIMES SURVEY
LATIN AMERICAN SURVEYS 1982

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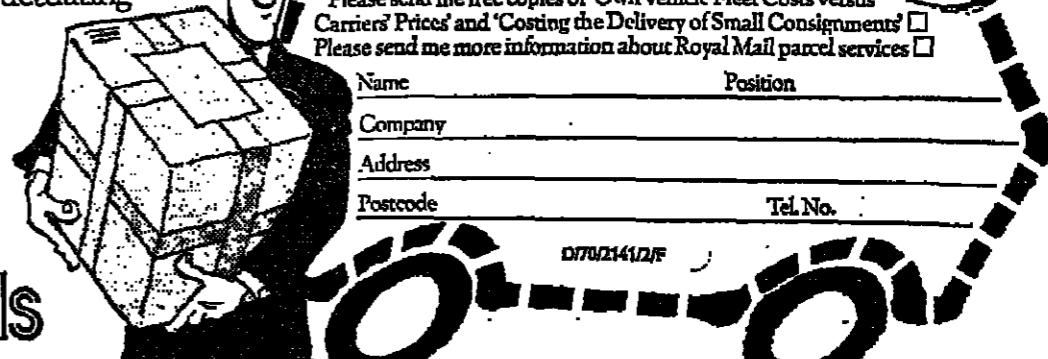
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Huntley says £75m bid is "wholly inadequate"

BY RAY MAUGHAN

DETAILED the reasons why the £75m offer from Rowntree Mackintosh is "wholly inadequate", the chief executive of Huntley and Palmer Foods, Dr Keith Bright, tells shareholders that "the future benefits of your company's recent acquisitions and of its rationalisation programme should not be allowed to fall into the hands of Rowntree Mackintosh."

The **unaudited results** for last year, however, are regarded as "disappointing" although the outcome for 1982 is expected to be "satisfactory".

Profits last year amounted to £51.1m, up 10.5 per cent on the previous year which had been depressed by £1.5m of European losses in German operations, since sold.

The last 16 weeks of the year failed to meet earlier expectations. In October, Huntley predicted that profits in that final period would improve on the comparable weeks of 1980. As it is, the contribution dropped from £15.95m to £1.45m before tax. The dividend is to be maintained with a final payment of 2.4p per share.

Dr Bright yesterday blamed the sudden effects of the recession on the snacks and crisps interests from the middle of

the year. Volume fell by some 11 per cent, he said, and Huntley's Smiths Crisps subsidiary temporarily lost some important accounts such as KwikSave and Tesco.

The finance director, Mr Hugh Brown, estimated that the divisional contribution had approximately halved to £1.6m pre-tax.

Profits have been struck before extraordinary items of £1.1m charged as the cost of closing Smiths' Kew head office at Park Royal, Reading, and at Park Royal. These closures would save some £750,000 and £600,000 respectively, Dr Bright calculated, on an annual basis. Smiths' facilities at Great Yarmouth are also under notice that production will probably be moved elsewhere, the group said.

Huntley also pointed to its "world famous products and brand names" which the group said, "are all extremely valuable assets with considerable future potential."

The defence claims that Huntley's share of UK branded products have grown by 9.6 per cent since 1978 with particular strength in counties which have grown by 12.6 per cent. The new "Trio" continue, Dr Bright

said yesterday, had been a "roaring success" generating as much as £15m of sales annually.

Answering Rowntree's criticisms that the group has not spent sufficient sums of fixed assets and was not generating enough revenue to lift its capital expenditure, Dr Bright revealed that capital spending accounted for 4.1 per cent of turnover last year and would account for 4.3 per cent of turnover this year. Gearing, he said, had been held at about 40 per cent.

Shares in Rowntree Mackintosh closed 2p yesterday to 165p at which point Huntley shares are valued at just over 105p. The biscuit group's shares were quoted yesterday at 105p, 105p, and are slightly below the offer price. Rowntree, however, is not expected to add to its 23.5 per cent stake in Huntley by purchases in the market at this stage. Any addition to 30 per cent and above would trigger a requirement to give a full cash alternative to its cash and equity terms.

The bid reaches its first closing date next Thursday, three weeks after the formal documents were published and any decision by the Office of Fair Trading regarding a reference to the Monopolies Commission is expected early next week.

HME division fetches £4.4m

THE DIRECTORS of Harrisons Malaysian Estates (HME) say agreement has been reached by the London Asiatic Rubber and Produce Company, a subsidiary operating in Malaysia, for the sale to Asatulin Sdn. Berhad of its Braemar division.

This division consists of some 711 acres of the company's Semenyih Rubber Estate near Kajang in Selangor State. The transaction is conditional on the approval of the Malaysian Foreign Investment Committee and it may be some months before the directors can an-

nounce whether the agreements have become unconditional.

The total consideration is Malaysian ringgit 18,496,400 £54.4m at current exchange rates, payable in cash. On the signing of the sale agreement, 10 per cent of the consideration was received. The balance is due as to 20 per cent not later than July 9 1982, as to 20 per cent not later than November 9 and the remainder of 50 per cent not later than March 9 1983.

The price being paid for the land is supported by independent valuers. In the 12 months to March 31 1981, the date of the

transaction, the land had appreciated by 10 per cent. The amount to be paid is to be deducted from the amount to be paid on the date of the sale. The amount to be paid on the date of the sale will be withheld until the tenderer's cheque has been paid. In the event of such withholding, the tenderer will be notified by letter by the Bank of England of the acceptance of his tender and of the amount of Stock allocated to him subject to the payment of his deposit. The tenderer will then be entitled to withdraw his tender or to accept the amount to be paid on the date of the sale.

20. No allotment will be made for a less amount than £100 Stock. In the event of partial allotment, the balance of the amount paid as deposit will, when refunded, be remitted by cheque despatched by post at the risk of the tenderer.

If no allotment is made the amount paid as deposit will be returned, but will not be allowed on such payment. Interest may be charged on a day-to-day basis on any overdue amount which may be accepted at a rate equal to the London Inter-Bank Offered Rate for seven day deposits in sterling ("LIBOR") plus 1 per cent per annum. Such rate will be determined by the Bank of England from time to time and will be the same as the rate of interest for LIBOR obtained from such source or sources as the Bank of England shall consider appropriate. Default in due payment of any amount in respect of the Stock will render the allotment of such Stock liable to cancellation and any amount previously paid liable to forfeiture.

21. Letters of allotment may be split into two or more denominations of multiples of £100 Stock, subject to the rules of the Bank of England, New Issues, Watling Street, London, EC4M 8AA, or by any of the Branches of the Bank of England, New Issues, Watling Street, London, EC4M 8AA, or by any of the Branches of the Bank of England, New Issues, Watling Street, London, EC4M 8AA, or at any of the Branches of the Bank of England, 1st Floor, 12 St. Vincent Place, Glasgow, G1 2BU or at any office of the Stock Exchange in the United Kingdom.

BANK OF ENGLAND 9TH MARCH 1982

9th March 1982

THIS FORM MAY BE USED

TENDER FORM

This form must be lodged at the Bank of England, New Issues (A), Watling Street, London, EC4M 8AA not later than 10.00 A.M. ON FRIDAY, 19TH MARCH 1982, or at any of the Branches of the Bank of England or at the Glasgow office of the Bank of England (1st Floor, 12 St. Vincent Place, Glasgow, G1 2BU) not later than 2.30 P.M. ON THURSDAY, 18TH MARCH 1982.

ISSUE BY TENDER OF £750,000,000

2 per cent INDEX-LINKED TREASURY STOCK, 1988

PAYABLE AS FOLLOWS:

Deposit with tender £50.00 per cent
On Thursday, 29th April 1982 Balance of purchase money

INTEREST PAYABLE HALF-YEARLY ON 30th MARCH AND 30th SEPTEMBER

1. The Stock is an investment falling within Part II of the First Schedule to the Stock Transfer Act 1963. Application has been made to the Council of the Stock Exchange for the Stock to be admitted to the Official List.

2. THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND are authorised to receive tenders for the above Stock.

3. The principal of and interest on the Stock will be a charge on the National Loans Fund, with recourse to the Consolidated Fund of the United Kingdom.

4. The Stock will be registered at the Bank of England or at the Bank of Ireland, Belfast, and will be transferable, in multiples of one new penny, by instrument in writing in accordance with the Stock Transfer Act 1963. Transfers will be made by stamp duty.

5. If not previously redeemed under the provisions of paragraph 14, the Stock will be repaid on 30th March 1988. The value of the principal on repayment will be related, subject to the terms of this prospectus, to the movement during the life of the Stock of the United Kingdom General Index of Prices, maintained by the Department of Employment, or any other Index which may replace that Index for the purposes of this prospectus, the movement being indicated by the Index figure issued monthly and subsequently published in the London, Edinburgh and Belfast Gazettes.

6. For the purposes of this prospectus, the Index figure applicable to any month will be the Index figure for the month prior to the relevant month and relating to the month before that month. The calendar month and the Index rate applicable to any month will be equal to the Index figure applicable to that month divided by the Index figure applicable to March 1982.

7. The amount due on repayment, per £100 nominal of Stock, will be £100 multiplied by the Index figure for the month in which repayment takes place. This amount, expressed in pounds sterling to two decimal places rounded to the nearest figure below, will be announced by the Bank of England not later than the business day immediately preceding the date of the preliminary interest payment.

8. Interest will be payable half-yearly on 30th March and 30th September. Interest will be payable in £100 nominal of Stock.

9. Each subsequent half-yearly interest payment will be at a rate, per £100 nominal of Stock, £1 multiplied by the Index rate applicable to the month in which the payment falls due.

10. Each subsequent half-yearly interest payment other than the first, expressed as a percentage, is rounded, starting from place of decimal, rounded to the nearest figure below, will be announced by the Bank of England not later than the business day immediately preceding the date of the previous interest payment.

11. If the Index is revised for a month for which it is relevant for the purposes of this prospectus, the Bank of England, after appropriate consultation with the relevant Government Department, will publish a substitute Index figure which shall be an estimate of the Index figure which would have been applicable to the month in which repayment takes place. This amount, expressed in pounds sterling to two decimal places rounded to the nearest figure on which the revised Index is based and dividing the product by the new base figure for the same month. This procedure will be used for each occasion on which a revision is made during the life of the Stock.

12. If the Index is not revised for a month for which it is relevant for the purposes of this prospectus, the Bank of England, after appropriate consultation with the relevant Government Department, will publish a substitute Index figure which shall be an estimate of the Index figure which would have been applicable to the month in which repayment takes place and an interest payment will be made in respect of this tender.

13. We request that any letter of allotment in respect of Stock allotted to me be sent by post at my, or my firm's, address shown below.

14. If any change should be made to the coverage or the basic calculation of the Index which, in the opinion of the Bank of England, constitutes a fundamental change in the Index which would be materially detrimental to the interests of stockholders, the Minister of Finance and Economic Affairs, or the Minister of Finance and Economic Affairs, immediately following the announcement by the relevant Government Department of the change, informing stockholders and offering them the right to require Her Majesty's Treasury to redeem their Stock. For the purposes of this paragraph, repayment to stockholders who exercise this right will be effected, on a date to be chosen by Her Majesty's Treasury, not later than seven months from the last month of payment of interest which has accrued, will be calculated on the basis of the Index ratio applicable to the month in which repayment takes place. A notice setting out the administrative arrangements will be sent to stockholders at their registered address by the Bank of England at the appropriate time.

15. Tenders must be lodged at the Bank of England, New Issues (A), Watling Street, London, EC4M 8AA not later than 10.00 A.M. ON FRIDAY, 19TH MARCH 1982, or at any of the Branches of the Bank of England or at the Glasgow office of the Bank of England not later than 2.30 P.M. ON THURSDAY, 18TH MARCH 1982. Each tender must be for one amount and at one price which is a multiple of 25p. TENDERS LODGED WITHOUT A PRICE BEING STATED WILL BE REJECTED.

16. A separate cheque representing a deposit at the rate of £50.00 for every £100 of the nominal amount of Stock tendered for must accompany each tender. Cheques must be drawn on a bank in, and be payable in, the United Kingdom, the Channel Islands or the Isle of Man.

17. Tenders must be for a minimum of £100 nominal of Stock and for multiples of Stock as follows:

Amount of Stock tendered for Multiple

£1,000—£3,000

£3,000—£10,000

£10,000—£20,000

£20,000 or greater

£100 £300 £500 £25,000

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\$300m credit expected for Venezuelan utility

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

AMID continuing confusion over its medium-term borrowing plans, Venezuela is expected to announce shortly a \$300m, eight-year Eurocredit for its state power company, Edelca.

A group of 10 international banks Hanover is understood to have been told that they will receive a mandate to go ahead with the deal on the basis of a 1 per cent margin over Eurodollar rates for the first four years rising to 1 per cent thereafter.

Repayments would begin after a grace period of four years.

The news comes simultaneously with confirmation that the recent credit for the republika has been raised by \$100m to \$800m. But despite the pressures caused by falling

oil prices Venezuela seems in no hurry to raise fresh medium-term funds from other sectors of the Eurocredit market.

An offer for a large credit from a group of Arab banks—including Aralbank, Arab Banking Corporation and Gulf International—was allowed to expire without being accepted, and tentative talks about a sterling Eurocredit and a credit mainly from Japanese banks appear to be proceeding very slowly.

But bankers in Europe are inclined to treat with reserve statements by Venezuelan officials that the country plans to hold back from the Eurocredit market to avoid being caught up in competition for funds from other oil-producing countries whose borrowing requirements are increasing with the

Shake-up at American Express bank unit

By Alan Friedman

AMERICAN EXPRESS International Banking Corporation (AEIBC), the wholly-owned foreign bank subsidiary of American Express, has dismissed 21 executives in a major management shake-up.

The bank said yesterday it had "terminated" the executives as part of an "internal realignment." All of the sacked bankers held the rank of assistant vice-president or above.

Among those departing are Mr Bill Beam, an executive vice-president in charge of the bank's network of branches in 35 countries. Mr Alfred Beadleston, a senior vice-president in charge of wholesale banking business, is another departing Amerex bank executive.

Mr Leigh Miller, a senior vice-president at the bank, said yesterday the departures had stemmed from a review which last autumn Morgan Stanley and Schroder, the merchant banks, "both helped Amerex in its review."

Mr Miller said the review concluded that the bank should de-emphasise corporate finance and Eurobond trading. Instead, the bank would focus on trade finance, correspondent banking, foreign exchange, project finance and loan syndications.

"There was no purge," declared Mr Miller. "It was all related to our realignment. We sped up the process of departures because our review required a number of changes."

Mr Miller said the bank would now be developed by its parent as an overseas operation and would not be sold. It had been "on the block" for a period last year because it was seen by Amerex as an organisation "whose future might be stunted by the fact that it could not do business in the U.S."

Last August, Mr Richard Biles, chairman and chief executive of the bank, resigned because of his view that it should be placed under separate ownership. Mr James Robinson, chairman of Amerex, said Mr Biles' view had been rejected. According to Mr Robinson: "He did not feel he could continue to play a useful role in the organisation."

Mr Miller stressed yesterday that the banking subsidiary was now embarked upon a clear policy. Included in its new direction was the appointment of Mr Alger "Duke" Chapman as vice-chairman of AEIBC with worldwide responsibility for private banking. Mr Chapman had served previously as co-chairman of Shearson Amerex.

The bank has decided that an area of potential growth will be in private banking—money management for "high net worth individuals."

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We are pleased to announce
the election of

SCOTT E. PARDEE
Executive Vice President

as a member of our
Board of Directors

DISCOUNT CORPORATION
OF NEW YORK
53 Pine Street, New York, N.Y. 10005

New Issue
March 11, 1982

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as a matter of record only

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Offering Price: 100%
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Maturity: October 1, 1987 at 103% of the principal amount
Conversion Right: from April 15, 1982 into shares of Common Stock of Nippon Sheet Glass Company, Limited at a conversion price of DM 3.80 per share
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The Debentures, issued at 100 per cent, have been admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary global Debenture. Interest is payable annually in arrears on 15th March, the first payment being made on 15th March, 1983.

Full particulars relating to the Debentures and American Telephone and Telegraph Overseas Finance N.V. are available in the Exetel Statistical Service and may be obtained during usual business hours up to and including 25th March, 1982 from the brokers to the issue:

Cazenove & Co.,
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11th March, 1982

Dividend cut by German metal group

By Kevin Done in Frankfurt

METALLGESELLSCHAFT, the West German metals, chemicals, transport, and mechanical engineering group, has cut its dividend by a third to DM 4 per share following a drop of 41 per cent in parent company after-tax profits last year.

Group turnover rose by 11 per cent to DM 10.1bn in the year to end September but continuing losses in the metal fabrication division and falling profitability in metal trading and chemicals activities have cut deeply into profits. Parent company after-tax profits dropped to only DM 24.2m compared with DM 40.8m.

The company is closing as planned its Frankfurt-based metal components plant from the end of March with a loss of around 1,700 jobs. It has also sold its Nuremberg-based aluminium packaging plant to the French company Pechiney Ugine Kuhlmann

Hoechst maintains payout despite earnings setback

By JONATHAN CARR IN BONN

HOECHST, one of West Germany's "big three" chemical groups, proposes to pay an unchanged dividend for 1981 of DM 7 per share, despite a sharp cut of 20.7 per cent in 1980 turnover to DM 71.8m (\$390m) in parent company pre-tax profits.

Hoechst's main domestic rivals, BASF and Bayer, have yet to announce their 1981 profits, but at the nine months stage Hoechst was already trailing well behind.

Explaining the sharp fall, Hoechst noted that last year had been characterised by a stagnating world economy, weak demand for chemical products, higher wages and raw materials costs as well as unusually high interest rates.

Hoechst said its group turnover worldwide rose by 15.1 per cent to DM 34.4bn—based on a rise of 20.7 per cent abroad and only 2.6 per cent at home. Group pre-tax profits in 1980 totalled DM 1.25bn.

The company stressed that apart from price increases, currency changes (including the relative weakness of the D-Mark) had been a major factor in bringing about the turnover increase. The actual increase in volume sales totalled just 4 per cent.

An above average increase in turnover was registered in North America and Latin America and in Australia. The key sectors to do well in sales terms included fibres, pharmaceuticals and chemicals for the farming industry.

The turnover of the Hoechst parent company increased by 9.6 per cent against 1980 to DM 12.2bn. Exports were up by 15.4 per cent in value terms and 8 per cent by volume.

Parent company use of capacity in the last quarter of 1981 was down to 75 per cent and registered an average of 76 per cent for the year—marginally lower than in 1980.

Fixed asset investment by the parent company totalled DM 689m or 7.7 per cent more than a year earlier. The company announced last November that it was launching a rights issue to raise DM 493.2m to help finance its capital expenditure in some quarters upon Sig Calvi himself.

They are designed to portray a group in robust health, despite the costly purchase of a 40 per cent stake in the Rizzoli, the Corriere Della Sera publishing concern, in 1981, and the conviction of Sig Calvi last July on embezzlement charges against which he is appealing.

On the eve of its admission to a full quotation on the Milan bourse, the bank reported that its capital and own resources stood at L1.516m at the end of 1981, compared with L1.207m.

The net earnings are struck after L118m of provisions and tax, depreciation and other risks. Total deposits by Banco Ambrosiano last year rose 15 per cent to L6.64bn while those of the group jumped by a quarter to L24.536m—making the group the largest bank in Italy in private hands.

Further significant changes have also taken place in Ambrosiano's boardroom.

Following the departure of Sig Carlo de Benedetti after barely two months as vice-president, Sig Orazio Bagagno, the financier, has assumed a similar post. He has acquired a small interest in Ambrosiano's capital.

It was confirmed last night that Sig Carlo Pesenti, has also become a director of the bank.

Alfa Romeo lay-offs accepted

BY JAMES BUXTON IN ROME

ALFA ROMEO, the troubled Italian carmaker, has reached agreement with trade unions on large scale lay-offs and closures aimed at curbing surplus production and reducing the state-owned company's heavy losses.

Under the agreement, which has yet to be ratified on the shop floor, production will be stopped entirely for 10 weeks at the plant at Arese, near Milan, and for 14 weeks at the plant near Naples, in addition to the five-week closure due to end next Monday.

In addition, about 5,700 men will be laid off entirely until the first half of next year. Of

them nearly 1,100 are men with bad absenteeism records whose jobs will be taken by others—a move believed to have been accepted by Italian unions for the first time. All men laid off will be on the state-subsidised scheme which allows them about three-quarters of usual earnings.

Originally Alfa, which is expected to show heavier losses for 1981 than the L75.5bn (\$58m) deficit incurred in 1980, had wanted either to lay off a third of its workforce or close the plants for a third of the year.

The outcome of negotiations is that the company will obtain the closures it wanted but will

shed fewer workers.

Alfa, whose sales last year were about L1.6bn, is following the footsteps of Fiat, Italy's largest car-maker, whose productivity and profitability have improved substantially since a slowdown with the trade unions led to the lay-off of 23,000 men in autumn 1980.

The Alfa agreement includes incentives for early retirement and there is provision for introducing production groups to replace some monotonous assembly line work in an attempt to increase worker satisfaction and raise productivity.

Philips refines its accounting

BY BARRY RILEY

PHILIPS, the Dutch-based multinational, has unveiled its first major changes in its accounting policies for 10 years.

The group has long been known as an international pioneer of replacement cost accounting, and it has now developed the system further by incorporating gearing adjustment and other changes.

He gave information designed to "eliminate all suspicions that we are trying to boost our profits."

Earlier this week Philips published its 1981 results showing that on the new basis attributable net profits rose slightly to FL 357m (L140m) from FL 345m. As in other recent years, the results have

been struck after very heavy restructuring provisions.

Mr Spinoza Cattela agreed that the results were improved by the incorporation of a gearing adjustment, but a change in the basis of charging deferred tax had a negative effect. A new currency translation method was also negative in its impact in the particular year 1981 (though its effect would vary in the future). The overall effect of the changes was a small improvement in net profits.

After tax, profits from banking improved by a tenth to Sch 415m (\$25m). The figures exclude heavy losses incurred through direct shareholdings in a number of troubled industrial companies.

Balance sheet total rose by almost a fifth to Sch 243bn. Taking in Creditanstalt's regional banks, the balance sheet total comes to Sch 299bn.

Savings deposits rose during the year by 20.4 per cent to Sch 28.5bn.

The balance sheet as at December 31, 1981, showed total assets (excluding contra items) of \$4.5bn, deposits of \$3.8bn, loans of \$1.2bn and bonds at \$0.5bn.

Mr Abdullah Ammar Saudi, the president and chief executive, said that ABC became much more active last year in loans and syndications. Since its inception the bank has played a lead management role in loans totalling \$20.7bn.

After the bank's general meeting, an agreement was signed in Bahrain for the take over of Richard Daus, the small West German bank in which ABC now holds 90 per cent of the DM 50m (\$21m) capital.

Bad debts and "temporary pressure" on interest margins will leave the first-half 1982 result lower. Thereafter, conditions will remain dull, the bank says in its annual report and accounts.

For the first half of this year, risk provisions may increase by between FL 80m and FL 90m (\$31m-35m) relative to the first six months of 1981. Bad debt provisions last year totalled FL 475m.

The pressure on margins results from rapidly declining interest rates and the subsequent time lag in the adjustment of interest costs and earnings, the bank explained.

For 1981 net profits eased to FL 263m from FL 276.3m. Dividend is being held at FL 5 a share.

Steady growth at Arab Banking Corporation

BY MARY FRINGS IN BAHRAIN

ARAB Banking Corporation (ABC) yesterday declared a profit for its first 22 months of operation of \$138.5m. After deducting the previous year's interim profit of \$45m, this leaves net earnings for 1981 of \$93.5m.

The shareholders in ABC, the Government of Kuwait and the Government of Libya and the Abu Dhabi Investment Authority (DIA), decided not to take a dividend. After transfers to reserves, \$24.5m was carried forward as retained earnings.

The balance sheet total rose by almost a fifth to Sch 243bn. Taking in Creditanstalt's regional banks, the balance sheet total comes to Sch 299bn.

Savings deposits rose during the year by 20.4 per cent to Sch 28.5bn.

The profit setback was apparent at the eight-month stage when the company predicted a SKr 150m decline in full year pre-tax earnings. Operating profits for the year fell from SKr 695m to SKr 594m and net financial charges at SKr 89m were doubled.

Capital investments last year amounted to SKr 572m, up by SKr 185m. Stora has announced plans to invest more than SKr 1bn in the expansion of its newsprint capacity over the next three years.

The profit setback was a result of the "slack state of trade." In value sales grew by 9 per cent to SKr 8.86bn (\$1.5bn). The order intake rose by the same percentage to around SKr 9bn.

Earnings showed some improvement in the second half after an unexpected first-half slide of 43 per cent to SKr 2.14bn, which caused Sandvik to cut its 1981 profit forecast.

The net adjusted return comes

Income plunges by 30% at Swedish steel group

BY OUR NORDIC EDITOR

SANDVIK, the Swedish cemented carbide and steel group, yesterday reported a 30 per cent fall in pre-tax profit from SKr 746m to SKr 519m (\$90m) in 1981. The board, however, proposes to continue its policy of annual dividend increases by paying shareholders SKr 10 a share against SKr 8 for 1980.

Group sales dropped by 3 per cent in volume last year as a result of the "slack state of trade." In value sales grew by 9 per cent to SKr 8.86bn (\$1.5bn). The order intake rose by the same percentage to around SKr 9bn.

Operating profit after depreciation was marginally lower, at around SKr 1bn, but net financial charges climbed from SKr 299m to SKr 471m and exchange differences showed a loss of SKr 35m against a gain of SKr 12m.

The real profit slumps came on the steel business, where earnings plunged from SKr 156m to SKr 44m, and on saws and tools, which turned in a loss of SKr 43m against a pre-tax profit of SKr 4m.

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The net adjusted return comes

Fugua Overseas Finance N.V.

Foreign insurers given ultimatum by Malaysia

BY WONG SULONG IN KUALA LUMPUR

THE MALAYSIAN government has given foreign insurance companies until April 15 to submit proposals to restructure their Malaysian operations in accordance with the New Economic Policy (NEP).

Under the policy, foreign companies have to restructure their equity to reflect a 30:40:30 mix by 1990, that is 30 per cent Malaysian (indigenous Malays), 40 per cent non-Malay residents and 30 per cent foreigners.

Failure to comply could result in the Government enforcing mergers of the foreign branch offices, suspension of business, and even the cancellation of licences, warned Tengku Razaleigh, the Finance Minister, at a meeting of representatives of the insurance industry in Kuala Lumpur on Tuesday.

He pointed out that a deadline

of December 31, 1981 had originally been fixed, but many had not complied.

There are currently 65 insurance companies in Malaysia, 24 of which are foreign-owned, nine are Singaporean, five from Hong Kong, four from the UK, three from the U.S., and the rest from New Zealand, Holland and France. The foreign companies handle as much as 80 per cent of Malaysia's insurance business.

The four UK insurance companies in Malaysia are General Accident, London Assurance, Prudential Insurance, and Prudential Assurance. Other UK insurance companies have converted their Malaysian branches into Malaysian-incorporated companies and taken in local partners.

Tengku Razaleigh said the foreign companies need not

comply with the New Economic Policy immediately, but they must submit by April 15 proposals to indicate that they would reach the NEP targets by 1990.

The proposals must also include information on restructuring the board and management of companies to reflect adequate Malaysian participation.

Malaysian-owned companies

will also have to submit

proposals showing how they

plan to take in the 30 per cent

Malay equity by 1990.

The Finance Minister also

announced that a bill would be introduced in the latter part of this year to strengthen the insurance industry. The present minimum paid-up capital of 1m ringgit (US\$431,000) would be increased to at least 5m ringgit for both life and general insurance companies.

The transfer of shares is set

to take place on June 1. Asahi

said the Y42bn figure includes

payments for technology.

Asahi Chemical to buy rest of Asahi Dow

By Richard C. Hanson in Tokyo

ASAHI CHEMICAL Industry, a leading Japanese manufacturer of synthetic resins will pay about Y42bn (\$177m) to acquire the shares held by Dow Chemical of the U.S. in a long standing joint venture in Japan, Asahi Dow.

Asahi Dow, which was established 30 years ago as a 50:50 venture, produces styrene resins and such products as styrofoam and plastic wrap. Last year the company, which employs 2,600, had sales of Y142.1bn (\$60m) and a net profit of Y4bn.

Asahi said it would retain the company as a 100 per cent owned producer of styrene resins, the raw material for styrofoam. Dow Chemical, which has extensive interests in Japan, will take up on its own the production of styrofoam as part of its strategy of concentrating on specialty products in Japan.

The transfer of shares is set to take place on June 1. Asahi said the Y42bn figure includes

payments for technology.

Major board changes at UMBC

BY OUR KUALA LUMPUR CORRESPONDENT

THERE HAS been a majority in the Government, the two reorganisation of the board at United Malayan Banking Corporation (UMBC), Malaysia's third largest bank, including the appointment of Mr Rahman Hamid as its new executive chairman.

He has replaced Tengku Shariman, the part-time chairman, who now becomes full-time head of Pernas, the Government investment and trading organisation.

Under a deal between the Malay and Chinese political par-

Government-controlled banks by the new Malaysian leadership.

Dr Nawawi Mat Amin, chairman of the Economic Bureau of the ruling United Malays National Organisation, is widely tipped to take over from Tan Sri Kamal Ariffin, as executive chairman of Bank Bumiputra, Malaysia's largest bank, after the bank's annual meeting at the end of the month. Dr Nawawi is a close political ally of Dr Mahathir, the Prime Minister.

The remaining equity is held largely by Mr Chang Ming Tien, who remains on the board, and his associates.

The appointment of Mr Rahman, until recently a director of the Islamic Development Bank in Jeddah, is part of the board changes undertaken at

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APPOINTMENTS

Engineering chief for British Petroleum

Mr. David A. Clayton, a director of BP Chemicals, will become chief executive engineer of the International Petroleum Exchange. He remains a director of J. Henry Schroder Wag and Co. *
The INSTITUTION OF METALLURGISTS has appointed Dr. G. L. J. Bailey as registrar-secretary. *

Subject to formal Stock Exchange approval, Mr. R. H. J. Harris, Mr. R. H. Thomas and Mr. P. T. Tucker will be joining the partnership of PINCHIN, DENNY AND CO., stockjobbers, at close of business on April 30. Mr. F. J. Bolding will be returning on the same date. *

Mr. James T. Larkin has been named president, consumer financial services group, Europe/Middle East/Africa, AMERICAN EXPRESS COMPANY. He will direct American Express Card and Travellers Cheque business in those regions, from offices in London. He was previously executive vice-president—financial institutions and marketing, consumer financial services group. *

RUGBY PORTLAND CEMENT has elected Lord Bancroft as a director from April 1. He was, until recently, head of the Civil Service. *

Mr. Derek Hadley has retired as a director and chairman of A. E. HADLEY, shopfitters, Portsmouth. He and his family have sold their shares in a man-

agement buyout of the company. Mr. John Coleman, a director since 1955, takes over as chairman and Mr. Cyril Wakefield, a director for 14 years, becomes managing director. The other members of the buyout team are Mr. Ken West, Mr. Gordon Lebbon and Mr. Ken Gallacher. The Hadley name will be retained and Mr. Hadley will continue to be employed by the company to ensure management continuity. National Westminster Bank is backing the buyout. *

Mr. Derek Dawes has been appointed director for parts sales, FORD MOTOR CO. He will be based at Daventry. He succeeds Mr. Len Jones who has been promoted to director, general parts sales, Ford of Europe. He will be based in Cologne. *

Following the reduction in numbers employed by the APPLEYARD GROUP OF COMPANIES it has been decided to streamline and re-allocate the structure of some of the members. Mr. Ian Appleyard, chairman, also becomes managing director. Mr. I. M. Stuari becomes financial director; Mr. E. Tuke becomes director—Yorkshire car operations; and Mr. D. McInnes becomes director—Scottish car operations. The duties of the following directors remains unchanged: Mr. J. S. Liob-

joint deputy chairman; Mr. J. G. H. Hirsch—joint deputy chairman (non-executive); and Mr. R. H. Barradale—director—Ford operations. Mr. F. B. S. Barnby has resigned as a director. *

Mr. Stephen Alexander has been appointed treasurer and company secretary of CANDOVER INVESTMENTS, management buy-out specialists. *

Mr. J. R. Crickmay has been appointed an additional non-executive director of AQUIS SECURITIES. *

ABERDEEN AMERICAN has appointed two directors, Mr. Arlie Winn, who retires from Shell Oil this month, will be in charge of the operations of Aberdeen American in the U.S. Mr. Norman Riddell is investment director of the Britannia Group. *

Mr. Malcolm Ford has been re-appointed as a full-time director of the board of the BRITISH NATIONAL OIL CORP. for a further period of two years, from March 1. Dr Alton Copshaw, Mr. Jack Lofthouse and Mr. Lawrence Tindale have been re-appointed as part-time members of the board for a further year from February 12. *

£ wavers, \$ falls

Sterling showed an easier tendency in currency markets yesterday. There was no pressure however and it tended to drift in a market lacking any firm trend. Interest rates continued to fall although clearing banks' base rates were left unchanged.

The dollar was also easier despite a firm tendency in Euro-dollar rates with the market already looking ahead to tomorrow's U.S. money supply figures.

The Belgian franc fell below the D-mark in the European Monetary System yesterday to become the weakest member. Other currencies showed little overall change apart from the Italian lira which was generally firmer. The Dutch guilder remained the strongest member.

STERLING—Trade weighted index 90.1 against 90.2 at noon.

UK: 1.2000-1.2150 1.2115 0.15-0.25pm

Canada: 2.1800-2.1900 2.1855 0.25-0.35pm

Netherlands: 4.68-4.705 4.675-4.685

Belgium: 7.95-7.970 7.955-7.965

Denmark: 14.31-14.325 14.315-14.325

France: 18.25-18.285 18.255-18.275

Germany: 24.25-24.30 24.25-24.275

Portugal: 125.00-126.00 125.05-125.25

Spain: 187.00-188.00 187.00-187.20

Italy: 2.30-2.315 2.205-2.207

Norway: 10.81-10.835 10.815-10.835

France: 10.45-10.485 10.455-10.485

Japan: 427-433 425-437

Austria: 23.50-23.10 23.00-23.05

Switzerland: 3.35-3.39 3.36-3.37

Belgian franc is for convertible francs. Financial franc 28.50-28.60pm.

Six-month forward dollar 1.405-1.406pm, 12-month 2.45-2.46pm.

CURRENCIES, MONEY and GOLD

Financial Times Thursday March 14 1982

THE POUND SPOT AND FORWARD

Day's spread Close One month % p.m. months %

March 10 spread Close One month % p.m. months %

UK: 1.2000-1.2150 1.2105-1.2115 0.15-0.25pm

Canada: 2.1800-2.1900 2.1855-2.1875 0.25-0.35pm

Netherlands: 4.68-4.705 4.675-4.685

Belgium: 7.95-7.970 7.955-7.965

Denmark: 14.31-14.325 14.315-14.325

Portugal: 125.00-126.00 125.05-125.25

Spain: 187.00-188.00 187.00-187.20

Italy: 2.30-2.315 2.205-2.207

Norway: 10.81-10.835 10.815-10.835

France: 10.45-10.485 10.455-10.485

Japan: 427-433 425-437

Austria: 23.50-23.10 23.00-23.05

Switzerland: 3.35-3.39 3.36-3.37

Belgian franc is for convertible francs. Financial franc 28.50-28.60pm.

Six-month forward dollar 1.405-1.406pm, 12-month 2.45-2.46pm.

THE DOLLAR SPOT AND FORWARD

Day's spread Close One month % p.m. months %

March 10 spread Close One month % p.m. months %

UK: 1.2000-1.2150 1.2105-1.2115 0.15-0.25pm

Ireland: 1.405-1.475 1.405-1.475 0.20-0.30pm

Canada: 2.1210-2.1225 2.1210-2.1225 0.10-0.15pm

Denmark: 14.31-14.325 14.315-14.325

Portugal: 125.00-126.00 125.05-125.25

Spain: 187.00-188.00 187.00-188.20

Italy: 2.30-2.315 2.205-2.207

Norway: 10.81-10.835 10.815-10.835

France: 10.45-10.485 10.455-10.485

Japan: 427-433 425-437

Austria: 23.50-23.10 23.00-23.05

Switzerland: 3.35-3.39 3.36-3.37

Belgian franc is for convertible francs. Financial franc 28.50-28.60pm.

Six-month forward dollar 1.405-1.406pm, 12-month 2.45-2.46pm.

THE CURRENCY MOVEMENTS

CURRENCY RATES

Mar. 10 Bank of England Index Morgan Guaranty Changes % Mar. 9 Bank Special Drawing Rights % Currency Unit

Sterling 90.1 -3.3 Sterling 90.1 0.644425

U.S. dollar -11.9 -5.6 U.S. \$ 1.1935 0.12325

Canadian dollar 88.6 -17.2 Canadian \$ 1.38909 0.13499

Austrian schilling 118.6 -14.5 Austria Sch. 18.7050 0.16356

Swiss franc 14.32 -1.0 Switzerland 18.5821 0.11778

Denmark 182.5 -45.2 D mark 7.1 0.26635

Portugal 2.35-2.368 2.3685 0.10575

Spain 16.30-16.50 16.30-16.50 0.12-0.15pm

Italy 10.45-10.60 10.45-10.60 0.12-0.15pm

Belgium 1.20-1.215 1.20-1.215 0.12-0.15pm

Switzerland 1.20-1.215 1.20-1.215 0.12-0.15pm

Denmark 1.20-1.215 1.20-1.215 0.12-0.15pm

Portugal 1.20-1.215 1.20-1.215 0.12-0.15pm

Spain 1.20-1.215 1.20-1.215 0.12-0.15pm

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Belgium 1.20-1.215 1.20-1.215 0.12-0.15pm

Portugal 1.20-1.215 1.20-1.215 0.12-0.15pm</p

FINANCIAL TIMES SURVEY

Thursday March 11 1982

FOUR-WHEEL DRIVE

Despite the effects of a world recession and oil price rises, the variety of light four-wheel-drive models now available almost parallels the car market. But, whereas this sector was traditionally dominated by the United States, the steady growth in world production is now led by Japanese manufacturers.

Saloons: the shape of the future

By Kenneth Gooding
Motor Industry Correspondent

WORLD PRODUCTION of four-wheel-drive vehicles used to be dominated by the U.S. As recently as 1978 the States produced twice as many as the rest of the world put together.

In 1980, however, American output had dropped steeply, hammered by the oil price increases which virtually eliminated U.S. demand for light four-wheel-drive trucks used as pleasure vehicles. Meanwhile, production in the rest of the world had been steadily moving ahead, spearheaded by the Japanese, so that by 1980 U.S. and non-U.S. four-wheel-drive output was about equal.

While most car makers still view all-wheel-drive production as an operation away from the mainstream of their activities, the Japanese perceived that this type of vehicle gave them a way of gaining a foothold in some developing countries—particu-

larly markets where the import of built-up cars was unacceptable but utility vehicles were in a different category and therefore permitted.

Sending in four-wheel-drive vehicles enabled the Japanese to set up the semblance of a distribution network and prepare for the time when they could follow through with ordinary cars. As a result the Japanese have become the world's major manufacturers of four-wheel-drive vehicles and seven of the country's nine manufacturers are involved in the business in one way or another.

If AMC is to succeed, though, much will depend on a recovery in the U.S. market and whether it can get back to the 1978 level when around 1m four-wheel-drive vehicles were produced in the States.

As with cars and commercial

vehicles, however, there is really no such thing as a "four-wheel-drive market". In its own way it is just as fragmented as the market for passenger cars and to a great extent parallels the car market in the variety of models available. They range from small runabouts offered by such companies as Daihatsu and Suzuki, through the work-horses represented by Land Rovers and Toyota Land Cruisers, to the executive-type Range Rover and "leisure" vehicles from the Americans.

Military development played a big part in the early days of four-wheel drive. The U.S. used it in 1916 in the Mexican war instead of mules, for example. It was not until June 1940, though, that the U.S.

Army drafted a specification for an "ideal" four-wheel-drive general-purpose vehicle and scout car. No fewer than 135 manufacturers were invited to bid but only two showed any interest and the contract went to one of them, Willys-Overland of Toledo, Ohio.

Since the 1930s the various all-purpose vehicles in the States had been called Jeeps, apparently after a character in the Popeye cartoons, and towards the end of the war Willys, which produced more than any other manufacturer (60,000 between 1941 and 1945),

As the American army spread its influence throughout the world during and after the war, so the universal potential of four-wheel-drive became apparent.

And today demand for the four-wheel-drive "workhorse" from the military, fire brigades, foresters, police and so on—is still the least likely to suffer from the vagaries of fashion changes and is the most solidly based—that about five times as many Land Rovers are produced in Britain as Range Rovers puts that into perspective.

The market segment which could have the biggest short-term impact on the four-wheel-drive production figures, however, is one for all-wheel-drive versions of saloon cars.

The recent success in European car rallies of the Audi Quattro, a four-wheel-drive version of the Audi 80 coupe, might have a major influence. If rival manufacturers become convinced that they have to produce all-wheel-drive cars if they are to have any chance of winning rallies, a whole new segment of the market—for sporty, four-wheel-drive saloons—could develop.

There is a good argument in any case, for all-wheel-drive family saloons because they handle better and are relatively safer on wet and icy roads.

Subaru of Japan, which already is involved in four-wheel-drive dressed in conventional saloon-car clothing, has found its British customers are often middle-aged countryfolk willing to pay the premium for safety's sake.

When Daimler-Benz was in the process of launching its "G" wagon, it discovered that most all-wheel-drive vehicles in

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Japan: sales growing at a rapid pace	IV	Learning to drive a 4 x 4: ignorance can be costly	VI

Editorial production and design by Catherine Darby

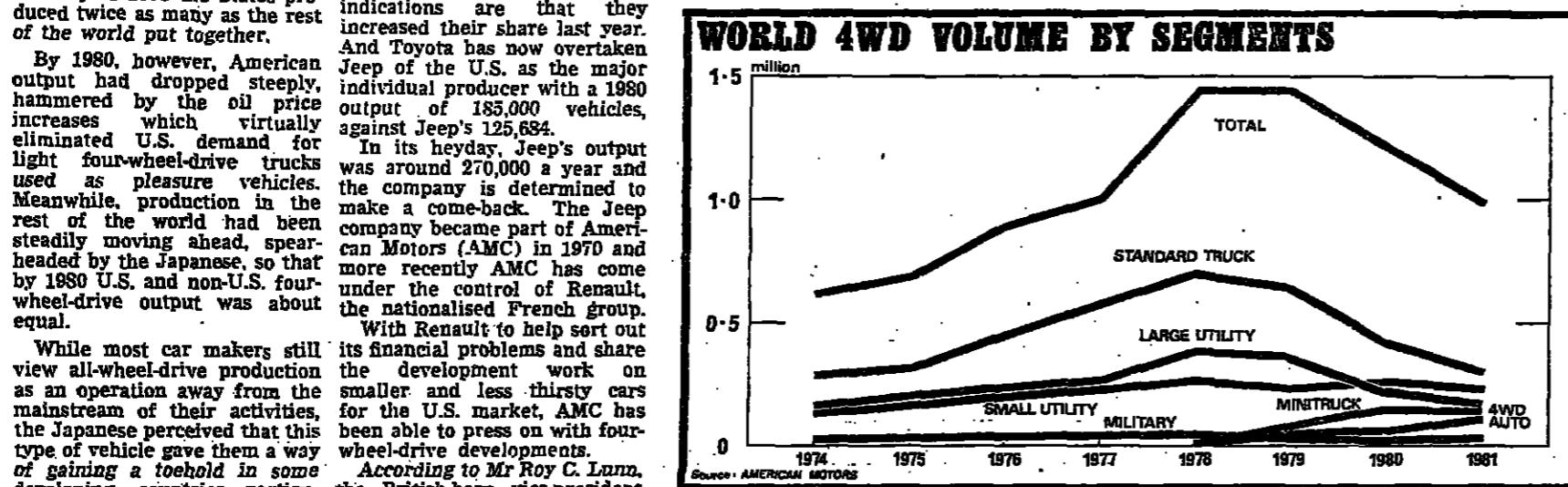
also been having discussions with Volkswagen about building four-wheel-drive Transporters (VW's light commercial) and microbuses for the German group and with Fiat to provide four-wheel-drive units for the Panda saloon.

The "flow" of trade in four-wheel-drive vehicles around the world threatens to become quite a flood. The Eastern Europeans, particularly Russia with the Lada Niva, see such vehicles as a useful export to earn hard currency. Renault seems determined to help the Jeep to be better established in Europe and elsewhere. To balance matters, BL might well put the Range Rover on the U.S. market through its existing Jaguar car dealers, not that the Range Rover is in good supply and seems likely to remain that way.

Nissan of Japan plans to make about 20,000 four-wheel-drive Patrols in Spain—at Motor Iberica where it now has a controlling interest—and to export most of them to other parts of Europe.

All this activity, and the marketing efforts associated with it, should push non-U.S. four-wheel-drive production continually upward. AMC predicts that output outside the States will rise from just over 500,000 in 1980 to 700,000 by 1984 and possibly 900,000 by 1988.

For the U.S. AMC suggests that production can come back from just over 700,000 in 1980 to 1m by 1984 and nearly 1.1m by 1986. That would take world four-wheel-drive output up from 1.2m in 1980 to between 1.9m and 2m in 1986.



THE NEW DATSUN PATROL. YOU CAN TAKE IT ANYWHERE.



PATROL HARDTOP £7,987.

Now, Datsun's world-famous technology creates the go-anywhere Datsun Patrol—a new range of reliable 4-wheel drive multi-purpose vehicles that are equally at home on the motorway or in the roughest of country!

There are four models—a tough 5-seater short-wheelbase Hardtop and a luxurious 7-seater long wheel-base Estate, both available with a 2.8 petrol engine or a 3.3 diesel engine. And both come complete with all the built-in refinements you'd expect in a Datsun.

BUILT TO TAKE PUNISHMENT.

Whichever Patrol you choose, you'll find it can take you across the most punishing terrain. There's a simple-to-use transfer gearbox with high and low ratios and a limited slip locking differential to help you out of the toughest holes; free running hubs to improve economy on 2-wheel drive; and power-assisted brakes with discs up front to give precise and responsive braking wherever you are.

In other words, the Datsun Patrol is built to take whatever you can throw at it!

SALOON-CAR COMFORT-WHEREVER YOU GO.

Power-assisted steering makes the Patrol a pleasure to drive off the road or in the heaviest of town traffic. The high driving position and excellent all-round visibility gives you an outstanding panoramic view. The suspension gives a smooth, shock-free ride.

Both Patrols are quiet, comfortable and well-equipped with thickly upholstered seating, powerful heating and ventilation, tinted glass, push-button radio, adjustable front head restraints, two-speed wipers, electric washers and much more.

The Estate also has luxurious cloth upholstery and deep-pile fitted carpets. And of course there's loads of room for both people and cargo. The rear seats on both vehicles can be folded forward and the split rear tailgate makes even the bulkiest cargo easy to load.

UNBEATABLE VALUE.

The price that some manufacturers ask for multi-purpose vehicles of this class emphasises the value you get with Datsun. The new Datsun Patrols actually cost less than some people charge for an ordinary estate car.

The Hardtop is £7,987 for the petrol version and £8,756 for the diesel. Prices for the petrol and diesel Estate are £8,994 and £9,747 respectively. Visit your Datsun dealer today. He'll show you how to take the rough with the smooth.



PATROL ESTATE £8,994.

THE NEW 4-WHEEL DRIVE DATSUN PATROL

Prices quoted are ex works including car tax, VAT, seat belts, two door mirrors, two rear fog lamps, etc. Inland delivery, number plates and road fund licence extra.

DATSUN

FOUR-WHEEL DRIVE II

Manufacturers in the industrialised and Comecon countries are having to adopt a variety of different strategies. Our correspondents report on this page and page four.

Now that the leisure boom is over...

THE AMERICAN fascination with four-wheel-drive vehicles has little to do with their abilities to cope with mud, snow and sand. Just as designer jeans bring a cowboy ambience to fashion's Fifth Avenue, the demand for 4WD pick-ups and utility vehicles comes mainly from suburbanites unlikely to use the extra traction for much more than getting unstuck from a snow-drifted shopping centre car park.

The 1970s recreation boom that spawned hot tubs and hang gliding pushed four-wheel drive sales close to 1m in 1978, a specialised niche nearly half the size of that year's import car market. Even four years after the first oil embargo by the Organisation of Petroleum Exporting Countries (Opec), four-wheel-drive sales seemed immune to the concern over fuel economy affecting passenger cars.

However, today the market is still overshadowed by the memories of the consumer panic over petrol supplies which followed the Iranian revolution. Sales figures for four-wheel-drive vehicles in 1981 put

together by the Motor Vehicles Manufacturers Association totalled 314,854, a drop of 68 per cent from the record year of 1978. Despite the influx of smaller, more economical designs, most market analysts expect it will be four to five years before four-wheel-drive sales recover to 1978 levels.

The decline in popularity was mainly because of their insatiable thirst for petrol. The four-wheel-drive vehicles popular in the 1970s frequently achieved less than 10 mpg, putting them on a par with the worst gas-guzzlers on America's highways. Some of that inefficiency was due to the friction of the extra driving axle, but most stemmed from the popularity of large-displacement V8 engines.

New development programmes today concentrate on either reducing the size and weight of the chassis, or substituting more fuel-efficient power plants, including diesels. That choice depends on the perception of whether small trucks and utility vehicles will eventually gain the same acceptance in the U.S. as small cars. The same problem

faces manufacturers of light trucks today which built up their business in the 1970s through recreational sales only to see them plummet in the wake of the Iranian revolution.

"The truck market for the 1980s will be divided into two distinct categories," says Joseph A. Campana, general manager of Chrysler's truck group. "The first will consist of people who buy trucks for work. The second will consist of people who buy trucks for personal and recreational use. This market will be dominated by smaller, lighter trucks."

Mr Campana's analysis appears to be shared by other U.S. manufacturers, which are planning to introduce the broadest range of new four-wheel-drive vehicles in decades, all much smaller than the vehicles they replace.

In 1983, American Motors (AMC) plans a new, 1,000 lb lighter, version of its four-wheel-drive Cherokee station wagon: Ford will introduce a lightweight Bronco based on its smaller "Subcompact" pick-up chassis; General Motors (GM)

likewise plans a new Blazer based on its own recently introduced subcompact truck.

Ford and GM also has plans to add four-wheel-drive to their new small pick-ups, while AMC is developing a subcompact version of its CJ-series "Jeep" vehicles.

"We're really quite bullish about the market," says D. Dean Greb, director of Jeep marketing for AMC. "We recently commissioned an independent

car. Recreational four-wheel-drive vehicles and pick-up trucks using these passenger car V8 engines reap the benefits of high volume low-cost manufacturing which is difficult to achieve in this specialised market.

But that is changing. Declining popularity of large-displacement engines for passenger cars and the rapid shift to front-drive transaxles in the U.S. has significantly reduced manufacturing capacity for light truck drivelines.

All this adds to the incentive to "downsize" four-wheel-drive vehicles, so that the new generation of small-displacement passenger-car engines can be used. A specialised gearbox that allows both axles to be driven is supplied principally by Chrysler's new process transmission plant. Chrysler is already developing a new, light-weight unit.

The demise of passenger-car component capacity adds to the attraction of supplying engines from overseas. So far, GM anticipates importing a light-duty diesel from Isuzu Motors for its new subcompact trucks, and AMC will be using a small diesel built in France by Renault.

Mr Campana still anticipates that 33 per cent of a 4m truck market in 1986 will be full-size pick-ups and, if current ratios hold, about a fifth of those will be four-wheel drive. This represents mainly the "hard-core" commercial use who can use the extra load-carrying capacity. But he admits companies such as Chrysler will need about 250,000 units annually to justify V8 engine plants for the exclusive use of building truck engines.

GM recently developed a 6.2-litre diesel engine specifically for light trucks. It is an expensive alternative, but

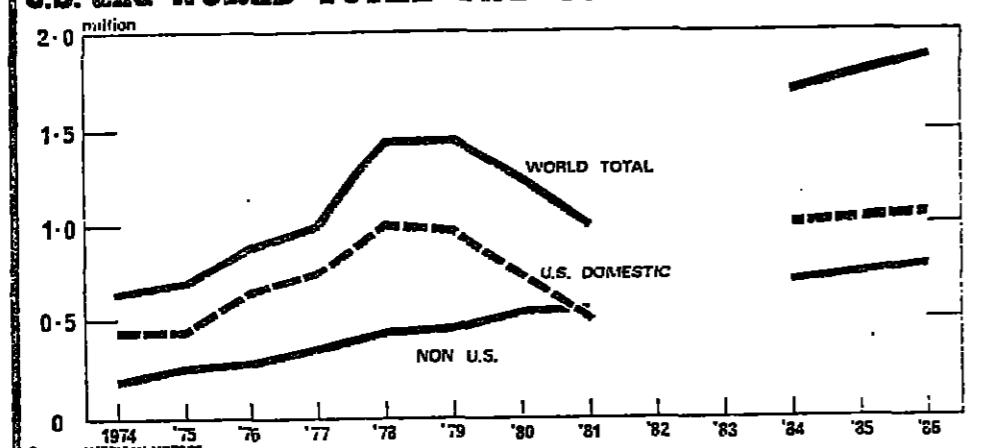
adding about \$2,000 to the price of the vehicle, but it gets 20 mpg when installed in its heaviest four-wheel-drive utility vehicle. Since few other manufacturers appear willing to make the investment to develop new diesel engines, joint ventures to supply them appear inevitable.

The

military provides an additional incentive to develop four-wheel drive. The U.S. Army is holding a competition to build a 1.25-ton four-wheel-drive light utility vehicle. In competition for the 15,000-unit contract are Chrysler Defense (recently sold to General Dynamics), American Motors (AM General subsidiary and Teledyne Inc).

Military interest in new four-wheel-drive developments brings it full circle. Most credit the popularity of the U.S. Army Jeep after World War II as the catalyst that led to the recreational market of today.

U.S. and WORLD TOTAL 4WD VOLUME



Source: AMERICAN MOTORS

In competition for the expanding domestic market

THE WEST GERMAN market for four-wheel-drive vehicles is dominated by importers. Only Daimler-Benz and to a limited extent Audi have taken the pains to develop new products for this small but growing market, and Daimler-Benz itself draws its cross-country vehicles from production outside the group at Steyr-Daimler-Puch in Austria.

As relative newcomers Daimler-Benz and Steyr-Daimler-Puch sold 7,494 of their G-range — "Gelandewagen" — in the first full year of production in 1980 of which some 6,656 were marketed under the Mercedes-Benz name.

The venture, hit partly by the prolonged recession in many of the world's leading automobile markets, has not performed as well as originally hoped, and the two companies chose to restructure the organisation fundamentally last year.

Originally the two companies established a 50-50 joint venture in 1979, but Daimler-Benz quickly discovered it was unhappy to accept the restrictions on its ability to develop and extend the cross-country vehicle model range imposed by such a structure.

Steyr-Daimler-Puch has taken over full responsibility for production of the G-range at its works at Graz, Austria and assembles the vehicles — chiefly from Daimler-Benz components — on a fee basis for the West German concern. The two concerns have exclusive sales rights in specific markets, but Daimler-Benz has taken full control over model development for its share of production and for quality control.

The manufacturing relationship between the two companies is similar to that existing between Porsche and Volkswagen/Audi, where the Porsche 924 and 944 models are built under contract at an Audi plant in Bavaria. Volkswagen placed the production of its successful Scirocco model outside the group at Karmann in Osnabrück. Daimler-Benz, which is still

losing money on its venture into the four-wheel drive market, holds the sales rights for most of the world's major markets due to the strength of its established far-flung sales network for both cars and commercial vehicles.

Steyr-Daimler-Puch sells the G-range — it competes directly with BL's Range Rover — only in Austria and Switzerland, Yugoslavia and the East bloc, but Daimler-Benz has responsibility for the rest of the world.

In the Federal Republic the West German concern has established a share of about 14 per cent of the four-wheel-drive market. It is only competing at the top end of the market, however, against major rivals such as Nissan and Toyota of Japan and BL's Range Rover from the UK. In this category, for vehicles starting from a price of about DM 30,000 (£7,000) Daimler-Benz claims a market share of 28 per cent.

Its sales in West Germany last year fell sharply by some 48 per cent to 1,984 from 3,833, but this was partly due to a restrictive domestic sales policy imposed by Daimler-Benz to free more production for the start of the drive into export markets. It is aiming about a third of its sales at the West

German market. Of the remaining two-thirds about 60 per cent is being sold to other European countries and a third to overseas markets.

Output from the Steyr-Daimler-Puch works at Graz is being held at about 8,000, capacity working to one shift production, and demand appears unlikely to justify the leap to two-shift working for at least two years.

For Daimler-Benz the attraction of going into partnership with Steyr-Daimler-Puch lay originally in gaining access to additional production capacity. At its domestic plants, car and heavy truck operations production is running at full capacity. Just as important, however, the multi-purpose all-terrain vehicle has allowed the German concern to close a gap in its high quality product range between its cars and light commercial vehicles.

With the increasing amount of leisure time in modern society, combined with the West Germans' already exaggerated taste for foreign travel, Daimler-Benz promises itself, at least in the longer-term, a strong share of a growing market.

The total West German market for four-wheel-drive vehicles jumped by 17.7 per cent last year to 17,235 units from 14,640 in 1980, according to the Federal

Motor Vehicle Office. But this still accounts for only 0.7 per cent of total West German new registrations of cars and estate cars. Four-wheel-drive vehicles make up just 0.2 per cent of

general type approval from the West German vehicle registration authorities.

The only other traditional West German manufacturer of all-terrain, four-wheel-drive vehicles, Volkswagen, has virtually withdrawn from the sector following the completion of a large military contract to supply the West German forces with 8,800 of its Iltis models, half-tonne cross-country vehicles.

Military contracts also offer a potentially promising market for Daimler-Benz and Steyr-Daimler-Puch and the West German concern won a block order last year to supply 450 vehicles to the Norwegian Army. The two companies have combined with Peugeot to supply four-wheel-drive cross-country vehicles to the French Defence Ministry.

The West German Army ordered the VW Iltis in 1976 chiefly because about 90 per cent of the components were standard parts, which helped substantially to reduce the costs. Of the 8,800 units delivered since production started in 1978, some 8,470 were bought by the army, 310 by the West German airforce and the remaining vehicles by the navy.

However, without the prospect of any follow-on orders from the armed forces, VW was forced to close production late last year.

It is still negotiating with a Canadian company, Bombardier, which is seeking to buy both the VW Iltis technology and the production facilities, with a view to producing similar vehicles in North America. The deal, announced in October last year as an agreement in principle, is still to be approved by the main boards of the two companies and appears to hinge on Bombardier gaining an initial large contract for the Canadian forces. Under the outline agreement negotiated last year the Canadian company would also acquire rights to market, sell and distribute the Iltis range worldwide.

Volkswagen's four-wheel-drive technology is chiefly represented in the sporty Quattro coupé introduced in 1980 by its Audi subsidiary. The car has already scored some success in important rallies, taking a high position in the last Monte Carlo rally, and it has added some extra glamour to the more utilitarian VW range. But sales are still modest and the Quattro notched up a volume of only 885 units in West Germany last year of total Audi sales in the Federal Republic of 151,144.

A launching pad for exports

SPAIN'S ROLE as one of Europe's major automotive industries will soon be reflected also in the four-wheel-drive sector. A series of important changes are taking place that will mean both a considerable boost in the existing production of four-wheel-drive vehicles and the diversity of models.

This sector of the industry is being geared — like the bulk of new automotive investment in Spain — essentially to export markets. At one level there is the prospect of Spain's entry into the EEC, and of using Spain as a launching pad for European operations. At another, Spain is well placed, through its proximity to North Africa and its historical-cultural links with Latin America, to take advantage of these markets.

The most interesting development concern the presence of the Japanese in this sector. Nissan has already committed itself to investment in four-wheel-drive vehicle production in Spain through Motor Iberica.

Suzuki is still at the stage of discussing a production arrangement with Metallurgica Santana, producer of the Land Rover and the largest company in this field.

In January 1980 Nissan bought out Massey Ferguson's 36 per cent in Motor Iberica. The latter is primarily a producer of agricultural machinery, but has also a production line in light industrial vehicles and four-wheel drive. At the time Nissan kept its cards close to its chest about long-term plans, but it was obvious that

other is the Vanette. Motor Iberica expects to be rolling off the first Patrols either late this year or early next year. Eventual production levels have been slated at 20,000 units of which roughly two-thirds will be exported, existing foreign investment laws concerning the domestic market.

Last month it was announced that Nissan would raise its stake to a majority 55 per cent, the company subscribing Pta 2.19ba, so raising Motor Iberica's capital to Pta 7.1ba.

Patrols will compete directly with Land-Rover in what has been a near monopoly in the market.

The Land-Rover is produced under licence by Metallurgica Santana. Such an operation was the only acceptable way round the high protective tariffs. Land-Rover of the UK has a 49 per cent stake in Santana, the other shareholders being Spanish private interests — mainly banks.

It was thought prudent to let the Japanese inject new cash at this point. The Japanese at the same time have indicated they will "pump in" whatever is necessary to ensure investment needs. This means by the end of the year Motor Iberica will have the beginnings of a real Japanese identity — this, incidentally, is the biggest Japanese industrial commitment in Spain with a poorly developed infrastructure of secondary roads, making the Land-Rover ideally suited to these conditions.

Of the two licensed models to be produced, one will be the four-wheel-drive Patrol, the

Santana are the Land Rover 88 and 109 diesel. But the range extends to the Land Rover 2,000 and various special versions. Production capacity is around 17,500. This was based on growth projections for the domestic market in the 1980s which are now proving too optimistic. (Last year as a whole the automotive sector witnessed sales levels drop to those of the end of the 1980s.)

Virtually every automotive producer last year was obliged to resort to lay-offs, including Santana, and this year the same phenomenon is likely. Against sales of over 17,000 in 1979 the figure dropped back to 14,650 last year. Santana has sought to sustain production lines with an aggressive export drive through greater foreign sales. Lately almost one-third of total sales have been abroad, but this was insufficient to prevent lay-offs.

After a visit to Japan by Santana executives in January the Spanish press reported a production agreement. However, Santana insists that while both concerns are keen to establish a production agreement, nothing firm has been agreed.

This said, the two companies are hoping that agreement can be reached within the year.

Approximately 80 per cent of Santana's Land Rover is made in Spain. The imported element is entirely components. Significantly, Spain also acts as an exporter of components. Santana itself exports gear boxes.

meant that Santana has become the principal Land-Rover supplier for North Africa. Partly because Santana has found it self with excess capacity and lower market growth prospects, discussions have been initiated with Suzuki on the production of the JL-80 "Jimmy". This popular Japanese model will not compete for any part of the existing Land-Rover market, and instead is expected to complement it.

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Left: the Datsun Patrol Estate; right, the Patrol Hardtop. Motor Iberica plans to produce 20,000 units

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FOUR-WHEEL DRIVE IV

Rapid growth of sales

LOOKING AT the Japanese market overall, there is a steady growth in the demand for four-wheel-drive vehicles. Most of the major Japanese vehicle manufacturers produce one or two models, excepting Honda and Toyo Kogyo (Mazda).

In 1981, total sales by all companies of 4 x 4 vehicles topped 120,000 units; by the end of October last year, 104,464 vehicles had been sold, making an increase of 114 per cent over the total of 65,365 units for all of 1980. Previously, the totals had grown from 31,063 units in 1977, to 42,459 units in 1978 and 47,818 in 1979.

There are 15 different types of 4 x 4 vehicles produced in Japan, mainly on the lines of the jeep-like Toyota's Land Cruiser and Nissan's Safari or Patrol. Pick-up trucks, vans and more comfortable passenger models are, however, also rapidly gaining in popularity.

The biggest manufacturer of four-wheel-drive vehicles in Japan is Fuji Heavy Industries, producer of Subaru cars; nearly one-third of their exports are four-wheel drives.

Toyota, producer of the Land Cruiser and Blizzard (both jeep types) and the Hi-Lux pick-up truck, achieved total exports of 189,000 units in 1981, compared with 172,000 units in 1980 and 156,000 in 1979. The Blizzard is sold mainly on the domestic market, whereas the Land Cruiser goes to Australia, Saudi Arabia and Indonesia and the pick-up trucks are more popular in the U.S.

Toyota has been making pick-up trucks for the past five years and the Land Cruisers for a lot longer. Sales figures from the Japan Automobile Sales Association give Hi-Lux as 3,734 units in 1980, dropping to 2,743 units in 1981 for the domestic market, while sales of the Land Cruiser were 8,769 units in 1980, rising to 9,298 units to October 1981. The new model Blizzard sold 1,648 units in 1980 and

1,378 units to October 1981.

The Blizzard, which comes only with a diesel engine, retails from US\$5,900 to US\$7,500 on the domestic market; the Land Cruiser, which offers petrol or diesel engines, is priced from US\$7,227 to US\$9,518; and the Hi-Lux truck ranges from US\$5,409 to US\$6,727.

Nissan announced an export total of 34,250 four-wheel-drive vehicles in 1981. Sold under the name Safari or Patrol, the export figure breaks down as follows: 9,285 units to Asia, Australia and New Zealand; 1,751 to Canada; 7,715 to Africa; 6,925 to Europe; and 5,583 to the Middle East.

No four-wheel-drive vehicles are sold to the American market—Nissan concedes that Toyota's Land Cruiser had got there first—but there are any plans to produce the vehicle in the proposed truck facility in Tennessee.

Nissan detect a growth in this segment of the vehicle market, particularly among young and middle-aged groups in the snow country of northern Japan.

The four-wheel-drive Datsun truck is available on the Japanese domestic market with a 1,600 cc or 1,800 cc petrol engine ranging from US\$3,800 to US\$9,000, with special van bodies. They are also available with the 2,200 cc diesel engine at prices from US\$4,570 to US\$6,590. The Safari, as it is known in Japan, is available with the 3,300 cc diesel engine from US\$7,500 to US\$9,400, and the 4,000 cc petrol engine from US\$7,636.

The Patrol/Safari sold 2,359 units in 1980 and 1,833 units until October 1981 in Japan; Datsun four-wheel-drive trucks sold 2,787 units in 1980 and 5,191 units up to October 1981. Fuji Heavy Industries' four-wheel-drive Subaru exports in 1980 were 85,000 units but 81,000 in 1981; over the past year U.S. sales of all vehicles,

including four-wheel-drive, had dropped.

The four-wheel-drive vehicles are very popular with young people in the home market. The domestic model is called the Leone and comes in two-door and four-door sedans, both 1,600 cc and 1,800 cc.

In the U.S. they are known as the Subaru; a pick-up type is called the Sambar.

A recent increase in sales of recreational vehicles helped Fuji expand sales of four-

Japan

JOHN FUJI

wheel-drive cars in both the domestic and overseas market. It has certainly helped to boost its net profits from US\$24m in 1980 to US\$51.3m in 1981.

It is estimated that about 35 per cent of the Subaru Leone vehicles exported last year were four-wheel-drive—in total exports to Australia and Switzerland, the ratio of four-wheel-drives was more than 90 per cent. About 45 per cent of the 45,000 Leones sold domestically were four-wheel-drive. Sales figures were 21,318 units in 1980 and 18,604 up to October 1981. Sambar sales were 4,902 units in 1980 jumping to 32,915 units up to October 1981.

The latest four-wheel-drive Leone include features such as four-wheel independent suspension, power steering and automatic transmission.

The motoring world was favourably impressed by the Subaru four-wheel-drive when it won the class championship in the Safari Rally two years running, in 1980 and 1981.

The first four-wheel-drive vehicles were marketed by Fuji in 1975. The company is an

offspring of Nakajima Aircraft Manufacturing that made many of Japan's wartime aircraft. Indeed, Fuji expects to equip its Subarus with turbochargers originally designed for aircraft engines.

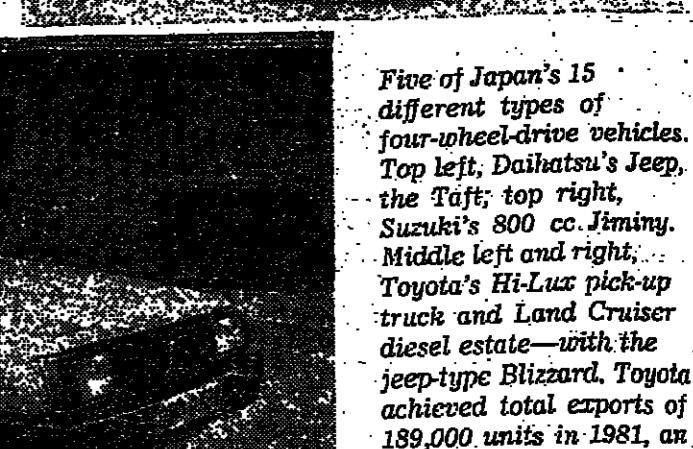
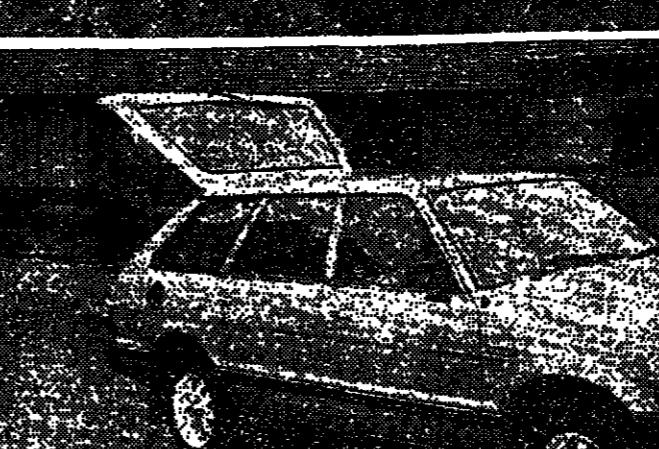
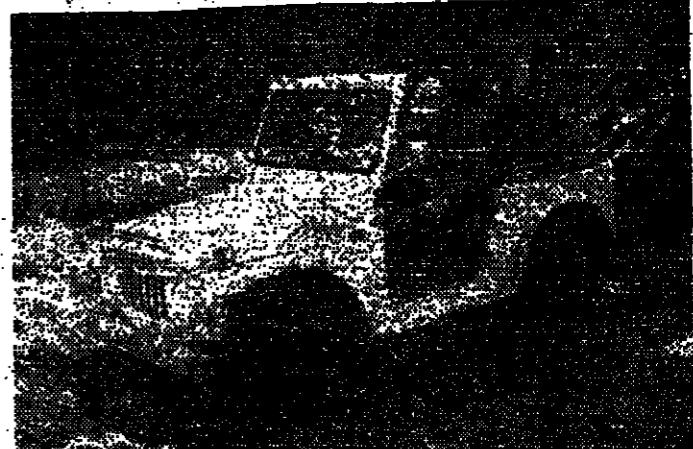
Suzuki produces the Jiminy (a jeep-style four-wheel-drive) and the Carry (pick-up truck and van), but only the Jiminy is exported—the main overseas market is Australia. Although production was started 12 years ago, sales are continuing to grow. In 1981, domestic sales were 45,000 units and exports, 44,000 units, up on 1980's figures of 13,000 domestic sales and 37,000 exports.

By virtue of a licence with Jeep of the U.S., Mitsubishi, which has both the Jeep and the Forte pick-up truck models, is the only company permitted to use the name "Jeep"—which came to Japan with the Allied Forces in 1945. Export figures in 1980 were 9,200 Jeeps and 12,000 Fortes; in 1981 they were 7,800 Jeeps and 18,000 Fortes. The major export market is Australia.

The Japan Sales Association gave the domestic sales figures for the four-wheel-drive Forte as 234 in 1980 and 1,155 in 1981; Jeep sales were 7,565 units in 1980 and 5,515 units up to October 1981; pick-up truck sales were 1,516 units in 1980 and 931 units up to October last year.

Isuzu has two four-wheel-drive models: a one-ton truck, Faster Rodeo, and the Rodeo Bighorn (jeep) model. Production is about 3,500 units a month, of which 60 to 70 per cent is exported. The Bighorn is domestically very popular with the young Japanese as a leisure vehicle—an idea originally imported from America.

Finally, Daihatsu has a jeep model called the Taft although its sales dropped from 740 units in 1980 to 328 up to October 1981.



Five of Japan's 15 different types of four-wheel-drive vehicles. Top left, Daihatsu's Jeep, the Taft; top right, Suzuki's 800 cc Jiminy. Middle left and right, Toyota's Hi-Lux pick-up truck and Land Cruiser diesel estate—with the jeep-type Blizzard. Toyota achieved total exports of 189,000 units in 1981, an increase of 17,000 over 1980. Below left, the Subaru 1800GL estate

Foreign competitors offer a broad choice

THE UK market for four-wheel drive vehicles is starting to look very crowded.

This is the realm over which Land Rover once reigned supreme. Up until 1970, anyone wanting a cross-country workhorse bought a Land Rover; there was nothing else available. From 1970 until the mid-70s, the same capability but with a lot more style and comfort became available—for a lot more cash—in the form of the Range Rover.

United Kingdom

JOHN GRIFFITHS

Rover. Since then, however, there has been a steady influx of alternatives.

In the past seven months alone there have been three new arrivals which, unlike some of the other 4wd offerings, are pitched squarely at creaming off Land and Range Rover sales.

They bring to 11 the number of manufacturers now competing for a slice of the action—including the Talbot Matra Rancho, a Range Rover look-alike which does not as yet have 4wd but will shortly get it. The Rancho is pitched at the same market on the basis that an awful lot of Range Rover owners like the looks of their machines yet rarely use its 4wd capability.

The predictable effect of this competition on Land Rover Limited—set up under BL's 1978 reorganisation to build and sell Land and Range Rovers as a separate entity under the BL umbrella—is that it is losing market share, at least as measured by Society of Motor Manufacturers and Traders' statistics.

The SMAT categorises the Land Rover as a "light 4 x 4" commercial. It shows the BL product's share of that market falling from 61.09 per cent in 1980 to 50.54 per cent last year.

The Range Rover has to be hunted for in the car statistics, together with some versions of American Motors Corporation's Jeep, the Rancho, Toyota's Land Cruiser, some Subarus and the Russian-built Lada Niva. Light 4 x 4s, it still dominates the 4 x 4 cars, but accounts for about 55 per cent of such sales against about 66 per cent in 1980.

This squeeze is happening, however, not because the new arrivals are any better than the BL products. Land Rover's executives take visible pride in their well-supported claim that the aluminium-bodied Land Rover lasts half as long again as any steel-bodied rival and that there is nothing to touch the Range Rover for refinement. It has come about because user needs vary so much and there is no longer a need to base a compromise around the BL products.

Here are some examples: A forestry worker who wants primarily in gain access to remote areas does not necessarily need the substantial payload capacity of the various forms of Land Rover (£6,000 to £9,000). So he can go to Dal-

hatsu (£5,721) for what looks like a Land Rover but is a lot smaller and uses less fuel.

If cost is a major consideration, he can opt for the Russian-built Lada Niva (from £4,570 to £5,200), also smaller, rather basic but still capable. And if payload is of no significance at all, the Suzuki LJ-80, a diminutive 800cc Jeep-like vehicle in open and closed forms (£3,700 to £3,800), is available with a fuel consumption in the mid-20s. Suzuki has been promoting it as a recreational vehicle under a "Wild Weekender" tag.

At the same time, it will soon enter the third and last phase of an expansion programme which, by 1984, will have doubled capacity to 85,000 Land Rovers and 25,000 Range Rovers a year.

That programme will have cost £200m, a figure which includes, however, the development of new products. It has been truncated from the £370m figure originally envisaged, and the main thrust has been changed from capacity expansion to product development.

Nevertheless, the engine assembly plant at Solihull has

seen in that light.

There is no prospect for the Rover Ltd diversifying from its two product lines. But, after what Mr Mike Hodgkinson, Land Rover's managing director since the 1978 re-organisation, declares was a previous 10-year hiatus in product development, it is going flat out to offer vehicle specifications exploiting every niche of the two sectors in which it does compete.

Meanwhile, Subaru has hit on what appears to be a new and growing market. Three years ago it began selling four-wheel-drive saloons and estates which are

indistinguishable from conventional cars except for an extra two- to four-wheel-drive shift lever. Not only has it found acceptance among rural dwellers such as vets, who want a car but have farm tracks to cope with; it has been latched on to by cautious types living in towns who like the extra security and mobility provided by its ability to cope with roads made treacherous by rain, ice and snow.

Quite where the embryo trend to four-wheel drive cars will lead is still hard to guess, but the instant success of the Audi Quattro 4wd coupe in motor rallying has produced a buzz of activity among other manufacturers. Talbot, Citroen, Ford, Opel, Renault and Porsche have all plunged into 4wd development. So far only Audi is understood to have definite plans to market a three-box 4wd saloon to complement the Quattro, which went on sale in the UK last year at £15,000. But Fiat has concluded an agreement with Steyr-Daimler-Puch of Austria which will see four-wheel-drive versions of the Panda small hatchback built before the end of this year. No decision has yet been taken as to whether it will be built in right-hand drive form.

In product terms, the programme has seen the introduction of a V8 Land Rover in February 1979, a face-lifted Range Rover (in September 1979), a five-bearing engine for smaller Land Rovers and, in July of last year, a much-needed four-door version of the Range Rover.

Over the next few months, there will be further innovations, the biggest of which is expected to be a radically revised version of the Land Rover. Further refinement to the Range Rover may include an automatic gearbox. Meanwhile, late last year BL and Perkins signed an agreement on a diesel project based round the V8 petrol unit in the Land Rover, and a decision to go into production is expected in about two years.

As an interim measure, a diesel from V8 of Italy is likely to be available for both Land and Range Rover later this year.

There will be, says Mr Hodgkinson, a steady stream of additional product changes right through the 1980s.

been automated, the new North Works for Range Rover on the same site became operational last year and the last phase of investment in facilities is shortly to start, involving refurbishment of the South Works, where Land Rovers are built, to streamline production.

Together with a drop in the workforce from more than 14,000 to about 11,000, changes have already been made to improve productivity by about a third and the new South Works will improve this further.

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The trouble is, all this investment has been going on at a time when world sales of four-wheel-drive vehicles of the Land and Range Rover type—which total between 200,000 and 250,000 units, of which Land Rover Ltd has a third—are not very buoyant. About 80 per cent of output of both is exported.

Early last year, with sterling still high against the dollar and the yen—Land Rover's main rivals are the Japanese—the UK company went through a very sticky patch. From sales of 61,000 in 1980, last year produced a total of 53,000—10,441 of which were Range Rovers. The later weakening of sterling, though not against Eurocurrency, did help in areas like the Middle East, however, where sales of 5,000 vehicles—nearly half of them Range Rovers—were not realised, however: 190 were sold.

The most recent arrival is the Toyota Land Cruiser, first launched in the UK in 1975 but withdrawn within a year. It was re-introduced last July as a five-door estate powered by a 3.8-litre six-cylinder diesel at a price about £2,000 less than the cheapest Range Rover it emulates. Toyota GB's hopes of selling 500 to the end of the year were not realised, however: 190 were sold.

Even in Africa sales increased by 12 per cent, although all importers are experiencing difficulties because of African countries' dwindling reserves of foreign exchange.

Land Rover is entering 1982 with an upturn, but almost certainly a fair amount of its current capacity for 80,000 vehicles will be Range Rovers. The later weakening of sterling, though not against Eurocurrency, did help in areas like the Middle East, however, where sales of 5,000 vehicles—nearly half of them Range Rovers—were not realised, however: 190 were sold.

The other significant arrival is the Mercedes Gelandewagen. Originally a joint product with Steyr-Daimler-Puch of Austria, SDP is now building them in its own right but they are being marketed by Mercedes.

The brightest feature is Range Rover. Production has been raised twice from the end of last year and it may get a further boost from its possible introduction through Jaguar dealers to the U.S. From a low point of 150 a week in 1981, production is being raised to 240 this month, plus about 30 kits a week for assembly abroad.

The four-door version was launched in European markets between last October and this January, lifting total Range Rover sales considerably. Overall, its exports are up by 45 per cent on the first two months of last year, while in the UK a record 340 were sold in January—a 67 per cent increase.

Meanwhile Land Rover output is running at 600 build-up and 330 kits a week.

While the full benefits of the investment programme have yet to be realised, Land Rover Limited still expects to be able to repeat past performances and remain, with the Unipart spare parts division and now Jaguar, as one of the few BL divisions to make a profit. Its results are not isolated in the BL accounts, however, and last year's output is modest to be rather more modest than the estimated 240m achieved in 1980. Nevertheless, the company says it has been containing costs well below the level of inflation.

Certainly, on the British

market, none of the new arrivals has seriously dented Land Rover's performance, although their true impact cannot really be assessed until the end of this year.

They include the Toyota Land Cruiser, first launched in the UK in 1975 but withdrawn within a year. It was re-introduced last July as a five-door estate powered by a 3.8-litre six-cylinder diesel at a price about £2,000 less than the cheapest Range Rover it emulates. Toyota GB's hopes of selling 500 to the end of the year were not realised, however: 190 were sold.

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Despite the low price, the N

It takes to the water like a duck, to the mountains like a goat and to the road like a Mercedes-Benz.

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It can climb a 1 in 1¼ slope fully loaded.

It can enter and leave 40° inclines.

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It has differential locks on both front and rear axles to maintain momentum even if just one wheel has traction. The locks can be engaged while on the move.

It can cruise across the roughest terrain comfortably because of coil springs, a hydraulic steering damper to prevent jolts, and a body that's rubber mounted onto a rigid, ladder-frame chassis.

It can cruise effortlessly at 70mph, because of its 2.8 litre fuel-injected petrol engine or 3 litre, 5-cylinder diesel engine.

It is available as a long wheelbase four-door model, and a short wheelbase two-door model.

Its anti-roll bar minimizes uncomfortable swaying in corners.

It has automatic transmission as standard with the petrol engine.

It has a one-piece rear door that provides easy access to a load area of remarkable capacity.

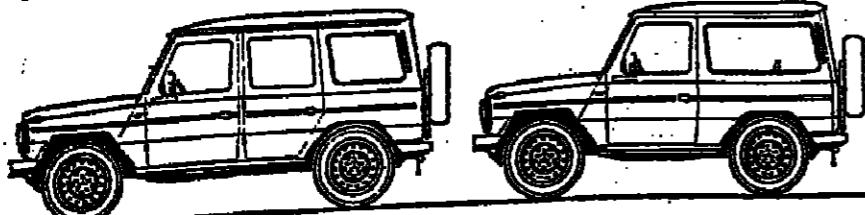
It has a long list of standard equipment, including power-assisted steering, a towing hook, headlight washers, a rear-window washer/wiper and fog lights, front and rear.

It is, in short, an off-the-road vehicle with surprising capabilities and an on-the-road vehicle with the integrity and reliability you'd expect from Mercedes-Benz.

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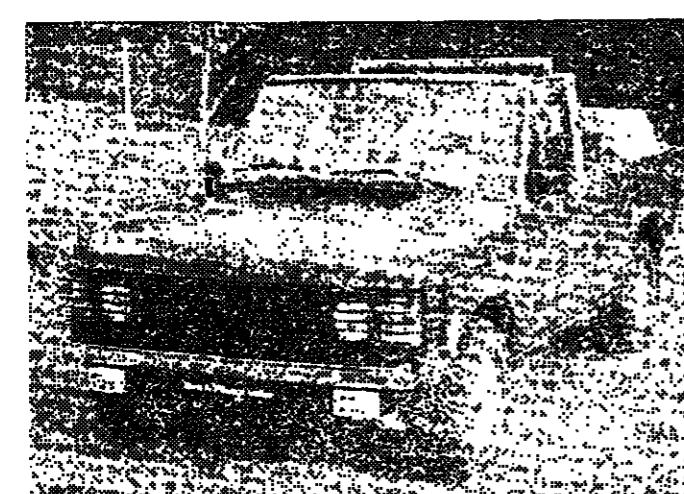
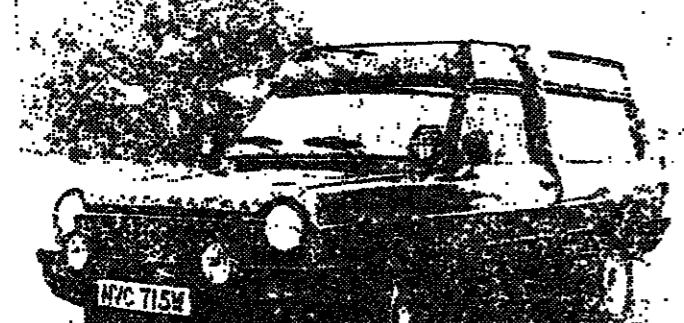
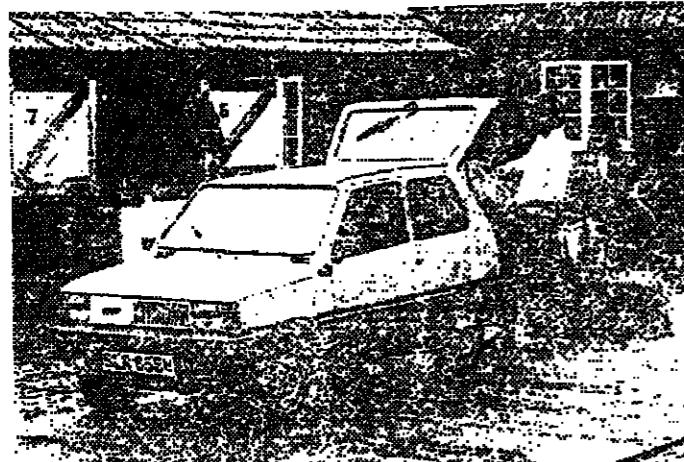
It can be seen to be believed at your nearest Mercedes-Benz dealer today.



FOUR-WHEEL DRIVE VI

Stuart Marshall writes, first choose your vehicle—then learn how to drive it the expert's way

Choosing to take the rough with the smooth



Top and middle: the Fiat Panda and the Talbot Matra Rancho are two planned additions to the four-wheel-drive market to cater for the increasing demand for light 4x4 cars. Below: a convertible four-door Range Rover, restyled by coachbuilders Wood and Pickett, which offers a selection of up to 147 extras—from a stereo radio cassette player and four speakers to lamp protector grilles and air-conditioning

FOUR-WHEEL drives cannot be all things to all users. Indeed, they may be divided into three main types.

First, the rough, tough end of the market. The vehicles competing in it were all inspired by the World War II Jeep. They go almost anywhere and are essentially small, cross-country trucks with seats. They come into their own where roads end and trackless terrain begins.

Long on mobility, they are short on creature comforts. Only a masochist would regularly use one on smooth tarmac in preference to a car. Examples are the short-wheelbase Land Rover, Daihatsu Fourtrak, Suzuki and the smallest kind of present-day Jeep.

Next, the more civilised vehicles: the college-educated relatives of the country boys just described. They are less likely to be strewn with straw or reeking of manure. Their seats are comfortable, the floor may be carpeted and they are suitable, if less than ideal, for long distance highway driving. Even so, they can take to the mud and mountains when needed.

Everything their uncouth forbears can do, they can do better—or at least, they can do it in greater comfort. The Range Rover, Toyota Land Cruiser, Datsun Patrol and Daimler-Benz Gelandewagen estate cars come to mind in this class.

The Lada Niva does, too, though not the estimable Subaru 4WD estate. Mostly, Subaru call their vehicle an all-road car, not an all-terrain machine. No road I have tried will defeat it, even though it may be steep and icy, or rutted and covered with inches of slime.

Finally, the vehicles that have four-wheel drive, not for climbing in and out of craters but for greater traction and handling safety on the road. The Audi Quattro, a 135 mph supercar that gives its best to drivers of modest skill, is the sole representative of this type at the moment. It won't be for long. All the signs of an explosion of interest in smaller and cheaper road-going four-wheel drive can be detected.

I have driven every kind of 4x4 I could lay hands on since the 1950s, though I have never tried an original wartime Jeep. The first vehicle to show men that four driven wheels are incomparably better than two on rough and slippery ground was an early Mk 1 Land Rover. I read the instructions, found out what the knobs were for and considered I then knew how to drive it across country. Years later, when shown by one of Land Rover's experts,

I realised I had been getting it all wrong. Even so, my old Land Rover rate got stuck and nothing broke that I couldn't put right myself. I finally sold it at a profit to a Warren Street dealer and have had a warm regard for Land Rovers ever since.

Many of these veterans, with their non-rusting aluminium bodies and massive chassis, are still at work. The six-cylinder long wheelbase, recently superseded by the V8 Land Rover, was good on and off the road. The V8 is better. I once drove a four-wheel-control Land Rover, a much larger version used mainly by the army, round Goodwood race circuit. I was not encouraged to hang the tail out on corners for its handling might kindly be called unruly.

The Range Rover is a different proposition. With its combination of fairly soft suspension and permanently engaged four-wheel drive, plus a centre differential to avoid transmission wind-up on hard roads, it can be used like an overgrown sports car.

At its press launch in 1970,

we were urged to drive them harder and harder on an old airfield. "You won't turn them over," said Rover's then managing director, and no one did, though one went on two wheels for a bit when it slid on grass and hit a runaway edge side on. The Range Rover, then less than £2,000 in the showroom, is still the best all-round light 4x4 in the world, though formidably expensive. It has become positively luxurious over the years, but despite its velvet thrones and fitted carpets, it is as good as ever when up to its hubs in gluey mud.

There is a lot of development left in the Range Rover—automatic converted to Ferguson system four-wheel drive and fitted with a Chrysler Torque-Flite transmission by Schuler Presses of Sunninghill, was completely silent mechanically and felt like the offspring of a Range Rover crossed with a Ferrari. (The suspension had been modified and the tyres were Michelin XWX.) I thought it was as the Range Rover could be in a few years' time, though there won't be a long wait for a production line automatic.

A diesel Range-Rover is also coming, but is still a long way off.

Diesels suit on/off road four-by-fours. The small Daihatsu can be had with a 1.6 litre petrol engine or a 2.6 litre diesel. The diesel is better in every way—noise excepted—and I obtained 35 mpg on a 450-mile day trip. Toyota's latest Land-Cruiser.

with a 4-litre, 6-cylinder diesel, is as nice a vehicle as the former 4.2 litre petrol-engined one was nasty. Even if it cruised at motorway speeds, this massively roomy though long-legged estate car will return about 22 mpg. And the Daimler-Benz G-car (the Gelandewagen) sustains 80 mph all day long on its 3-litre, 5-cylinder diesel at around 22 mpg. The 2.8 litre petrol automatic is faster, but much thirstier.

Off-road, the G-car has the advantage of lockable differentials. With a conventional 4x4, if you have the nearside wheels on concrete and the offside ones in a deep and slippery rut, you may stick. The differential gears allow the wheels on the least grippy surface to spin. But lock the differentials—as you can in the G-car and could in the tiny Austrian Haflinger—and you will move even if only one wheel can find something to bite on.

When Land Rovers were on two-year delivery, Eastern European four-wheel drives enjoyed some popularity here. I tried the Aro from Romania, and thought it disagreeably coarse though it

4WD VEHICLE SEGMENTS



There are three main types of four-by-four vehicles: the small cross-country trucks with seats; their carpeted, comfortable relatives; and the saloon car that gives safer handling on the road.

will do except pull a trailer loaded with heavy hunters.

The Jeep has moved far away from its original concept. Even in the U.S. its sales have been decimated by rising fuel prices. It will pull anything but its cross-country capability is not in the Land Rover/Range Rover class, the ride is poor, the steering vague and fuel consumption unacceptable only if you have an oil well.

The GM Jimmy (a badge engineered Chevrolet Blazer) is the most popular in the U.S. It looks like a toy (especially alongside one of the more bloated Jeep station wagons), but amuses me by doing most of the things a Land Rover

muscle. Datsun's recently introduced Patrol is exceptional value. The petrol-engined 2.8 litre estate I have just had was fitted with three rows of seats (ideal for the school run), held a quiet 70 mph on the motorway and returned 20 mpg. Perhaps closer in concept to a U.S. 4x4 than a Range Rover or Gelandewagen, it was not wide enough to be cumbersome and the ride comfort was not at all bad. An ideal vehicle, really, for people who now spend as much on a large estate car which embarrasses them by getting stuck as they leave the gymkhana with the children's ponies in tow.

PRICE GUIDE

The following four-wheel-drive vehicles are generally available in the UK. In addition, some U.S.-made light 4x4s may be obtained to special order. The prices are for the cheapest version of a particular model.	
Audi Quattro	£15,037
Daihatsu short wheelbase:	
petrol	£5,721
diesel	£6,383
Datsun Patrol	
short wheelbase, hard top:	
petrol	£7,987
diesel	£8,756
long wheelbase estate:	
petrol	£8,994
diesel	£9,747
Jeep: Laredo Cherokee station wagon	£8,499
Lada Niva	£4,570
Land Rover: short wheelbase, soft top	£8,465
long wheelbase V8 pick-up	£8,240
Mercedes-Benz Gelandewagen	
250GE petrol short wheelbase	£13,910
250GE petrol long wheelbase	£14,650
300GD diesel short wheelbase	£13,650
300GD diesel long wheelbase	£14,300
Portaro Pampas diesel	£8,439
Range Rover	
two door	£12,670
four door	£14,260
Subaru	
pick-up	£4,485
estate car	£5,980
Suzuki	£3,799
Toyota	
Land Cruiser (diesel) station wagon	£11,193
Hi-Lux pick-up (petrol)	£5,560

How to handle a four-by-four —ignorance can be costly

GETTING THE most out of a 4x4 across rough country involves much more than squashing a Wellington boot on the accelerator and hoping for the best. Given the right techniques, a Land Rover or Range Rover, Daihatsu or Daimler-Benz Gelandewagen—to name but four—achieve miracles of mobility. Wrongly treated, they will get stuck, break down or both.

The correct method of driving one has as much—perhaps more—to do with riding a horse as with operating a machine. You choose the correct line, approach an obstacle with caution, urge your mount over and then collect it again in case an even worse hazard follows. In essence, all popular four-wheel drives are much the same. They have two gearboxes. One is used like that in a normal car, for multiplying engine torque for acceleration and hill climbing. The other allows the main gearbox to be used in two ranges: a high one for the road, a low one for severe off-road conditions.

Some four-wheel drives (the Land-Rover, Toyota Land Cruiser and Datsun Patrol for example) are normally used on the road with rear-wheel drive only. Others—the Range Rover and Lada Niva are typical—are in permanent four-wheel drive. Most are aware that on the road the red knobbed transfer gear lever stays forward so that only the back wheels are driven. If four-wheel drive, high range, is needed on snow, a yellow plunger is depressed. And for low-range four-wheel drive, the red knobbed lever is pulled back. Then the Land Rover will climb slopes like the roof of a house, plough through mud troughs and tackle terrain on which a fox-hunter might prefer not to drive one.

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risk a valuable horse.

Even these basic truths are not always understood. Land Rover tell a horror story of a veteran employee of a public utility company who was issued with a new vehicle. He assured the salesman that he knew all about driving it and pointed to the red knobbed high/low gearbox lever. "I always pull that back in October and leave it there until April." It gives you better grip on icy roads," he said.

And of course it would. But it would also limit top speed to 35 mph, raise the noise level and fuel consumption to unacceptable heights, strain the transmission and wear out the tyres. That is why machines with permanent four-wheel drive have a third differential. It gets rid of the stresses caused by the extra revolutions the front wheels make when compared with the back wheels when a vehicle is turning a corner.

On really rough terrain the off-road driver has to forget all about normal motoring techniques. In low range, second gear is often better for climbing steep, slippery slopes than first, which could cause excessive wheel-spin. But for descending acute gradients, you choose first and under no circumstances touch the brake pedal. The engine's compression, spread equally to all four wheels through the transmission, safely holds

your speed down. It is the same when climbing. Should you stall the engine on an exceptionally steep slope—and even Land Rover's expert demonstrators do now and again—you bang in reverse gear instantly. The Land Rover (or any similar 4x4) will hang against compression. You sort out the best way to back down the hill and, with reverse still engaged, flip the starting key without declutching. The engine fires up and, at idling speed, literally winds you down the slope slowly and under full control.

The expert 4x4 driver coaxes his machine through hazards in the right gear, always with minimum engine revs and never with his thumbs hooked over the steering wheel rim—they can be dislocated. Even broken, if a front wheel drops into a deep rut and the steering wheel suddenly jerks round.

He never plunges into water too quickly: "it may be deeper than you think and even if it's fordable, the bow wave made by too high a speed could push the radiator back into the fan." And the expert is never afraid of getting out of the vehicle and having a look at what lies over a hill before he drives up it. More than one Land Rover driver has found to his cost that the slope he was storming up led to a vertical drop into a quarry.

It can take you anywhere.



You can take it anywhere.



The Daihatsu Fourtrak comes with a choice of rugged 1.6 litre petrol or 2.5 litre diesel powerplants.

With a high/low ratio gearbox and four-wheel drive, you'll have enough guts and traction to get through the toughest terrain.

And the Fourtrak has got what it takes to do it safely.

It's got a sturdy ladder-type steel chassis that clears the ground by a minimum of 9" even under full load.

It's got a built-in roll bar for extra strength.

It's got well proven semi-elliptic leaf spring suspension.

And to beat all, the Fourtrak is so well built, it's also got a "Protectol" anti-rust warranty lasting for eight gruelling years.

That's longer than any other manufacturer's rust warranty.

And with smart hard top or soft top options, the Daihatsu Fourtrak looks just as good on the road as off.

It has a level of interior luxury to rival a family saloon.

The Short Wheelbase has full fabric reclining seats with headrests, and door-to-door carpet. Or you can have the more practical vinyl seats and Ilcor covering if you want.

Also the two-wheel drive facility, free-wheeling front hubs and efficient sound insulation means you get quiet, economical motoring at normal driving speeds.

So the Daihatsu Fourtrak is more than just a reliable workhorse.

It's quite a showhorse as well.

DAIHATSU
Fourtrak

"Subject to the terms of the Practical Warranty."
DAIHATSU (UK) Ltd, P.O. Box 5, Poulton Close,
Dove: C117 0H2 Tel: 0304 215600. Telex: 96472.



A Land Rover V8 station wagon—cynics on Land Rover's staff reckon about one owner in 10 really knows how to drive one.

TECHNOLOGY

EDITED BY ALAN CANE

Smaller companies take the risk with special lasers

BY GEOFFREY CHARLISH

YOU MIGHT think the laser, with its high technology overtones, would be an economic proposition only in big companies with big budgets.

Far from it, according to speakers at a recent London conference on the application of these devices in manufacturing, mounted by IFS Conferences of Bedford.

Mr B. G. Green of Laser Scientific Services, for example, asserts that, on balance, it is the smaller companies that are taking the risks in the UK; frequently they are sub-contractors, carrying out work for larger groups that have decided against investment themselves.

This is all the more remarkable, according to Mr Green, in view of the current pricing policy of the laser makers which was "to charge as much as the market will stand," thereby inhibiting its growth.

Light pulses

Over the years some extra ordinary specialist applications have appeared. They range from massive devices at nuclear research centres such as Culham and Lawrence Livermore Laboratories, where pulses of light in the terawatt (a million million watts) region are compressing materials for fusion experiments, to hair-like glass fibres carrying tiny pulses to repair brain tissue. Other teams are trying to shoot down spacecraft, while others are working on the

"solid" images of holography that might well form the basis of tomorrow's television.

At the more mundane levels of manufacturing however, the laser, invented 20 years ago in the U.S. and a scientific novelty for the first ten, is now being used increasingly in three key areas—cutting, welding and surface treatment—and not just as a novelty but as a tool, employed just like any other tool.

Cost effective

W. M. Steen, an Imperial College consultant, reiterated the features of the laser that can make it cost effective in, for example, cutting when up to about 5,000 components have to be made.

Clean, smooth-edged cuts are produced, there are no sharp edges that cannot be packed, there are no tools to be replaced or sharpened, the beam can be directed at various work stations from a remote laser, allowing time sharing, and the same laser can be used for welding and surface heat treatment.

Beyond about 5,000 components, Steen believes a punch press would normally be more cost effective. A machine from Trumpf, for example, allows both to be used.

Dr Steen and several other contributors to the conference suggested that the ultimate future of the technology lay in the multi-station facility with advanced computer control.

Cambridge computer-aided system

THE LATEST computer-aided design system from Applied Research of Cambridge, the GDS3, has a full non-graphic database so that parts listings, costings and schedules can be added to the graphical data.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1978=100); total retail sales value (1978=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unem. Vacancies
1981						
1st qtr.	99.5	88.7	98	106.6	130.8	2,304
2nd qtr.	99.0	88.9	92	104.7	134.5	2,507
3rd qtr.	99.9	88.6	104	105.5	139.1	2,627
4th qtr.	100.5	88.7	104	105.4	168.5	2,758
July	99.7	88.4	101	104.5	129.5	2,582
Aug	99.7	88.7	126	105.0	139.0	2,626
Sept	100.3	90.4	85	103.5	138.6	2,673
Oct	102.6	91.5	95	106.2	147.8	2,729
Nov	100.2	88.8	94	105.6	158.4	2,764
Dec	99.2	87.7	104	104.6	193.1	2,782
Jan				107.0	143.9	2,829
Feb					2,836	114
1982						114

	Consumer goods	Invest. goods	Intmd. goods	Eng. output	Metal mfg.	Textile etc.	Housng. starts*
1980	91.3	91.6	117.1	86.5	71.0	77.2	101
1st qtr.							
1st qtr.	92.6	88.3	117.1	84.1	75.7	76.7	109
2nd qtr.	92.2	88.7	117.6	84.8	75.7	75.9	14.1
3rd qtr.	92.9	89.3	118.4	86.3	77.3	75.2	14.2
4th qtr.	93.8	89.1	120.3	85.8	82.3	74.5	11.7
July	94.0	89.0	118.0	86.0	77.6	75.0	14.5
Aug	94.0	89.0	118.8	85.0	76.0	76.0	12.5
Sept	94.0	90.0	119.0	87.0	79.0	75.0	15.4
Oct	95.0	90.0	124.0	87.0	86.0	75.0	13.4
Nov	93.0	89.0	121.0	85.0	82.0	75.0	14.1
Dec	93.0	88.0	119.0	85.0	78.0	73.0	7.7
Jan							11.5
Feb							23.2
1982							23.37

Trade figures for March-August 1981 not available because of Civil Service dispute.

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three month's growth at annual rate); domestic credit expansion (2m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	Bank	M1	M3	advances	DCE	BS	HP	MLR
	%	%	%	£m	£m	£m	£m	%
1981		8.8	12.4	+1,308	1,081	1,884	12	
1st qtr.		22.1	17.4	+4,250	1,102	1,936	12	
2nd qtr.		8.1	18.1	+5,951	888	2,019		
3rd qtr.				+2,184	422	1,980		
4th qtr.				+1,164	271	674	12	
June		21.9	17.8	+2,240	290	658	12	
July		14.2	19.8	+2,240	290	658	—	
Aug		9.8	14.5	+2,446	244	659	—	
Sept		9.7	22.8	+2,485	324	706	—	
Oct		4.7	20.2	+1,587	154	681	—	
Nov		7.6	17.3	+443	65	842	—	
Dec				+184	203	637	—	
Jan				356	656			
Feb				238.7	310.6	296.1	252.94	91.1
1982				238.6	234.4	230.4	241.77	91.5

INFLATION—Indices of earnings (Jan 1976=100); basic materials and fuels, wholesale prices of manufactured products (1976=100); retail prices and food prices (1974=100); FT (1976=100); retail sales volume (1978=100); trade weighted value of commodity index (July 1982=100); trade weighted value of earnings (1976=100).

	Basic mfg.	Wholesale	RPI*	Foods* commodity	Strig.
1981	184.3	213.8	212.3	280.4	261.56
1st qtr.	202.2	225.8	219.4	277.0	245.97
2nd qtr.	209.9	224.1	209.1	278.8	260.33
3rd qtr.	227.3	230.2	236.5	285.6	245.97
4th qtr.	210.4	226.8	224.1	273.3	257.64
July	211.7	225.9	220.9	282.7	260.83
Aug	211.5	223.2	230.7	282.7	259.12
Sept	211.7	227.8	230.7	282.7	258.2
Oct	212.5	228.4	230.9	285.5	245.79
Nov	214.3	226.9	230.8	285.5	245.97
Dec	216.8	230.4	238.8	283.5	90.6
Jan	238.7	232.7	310.6	296.1	252.94
Feb	238.6	234.4	230.4	241.77	91.5

*Not seasonally adjusted.



This is one of the stations in a twin workstation CNC controlled laser welding machine designed by Control Laser of Daventry for the car components industry. It is possible to switch the beam by mirrors to a number of remote workstations on a time sharing basis.

doubled by making use of the plasma to conduct an electrical arc into the weld zone.

By controlling the power density applied to a surface, for example by defocusing the spot or by scanning it in a raster pattern, selected areas can be hardened. Typically, a 10 mm track can be transformed satisfactorily into two small parts inside the company's H4 halogen car lamp. Electron beam, plasma jet, friction and electric discharge were all tried, but the end a YAG solid-state pulsed laser proved the best.

The system, now incorporated into a 48-head rotary indexing production machine making 2,000 lamps/hour, uses a pair

areas can be selectively applied. Lasers are still not widely used in mass production, but one of the more notable examples was described by Mr R. F. Weston of Thorn Lighting. The problem had been to harden two small parts inside the company's H4 halogen car lamp. Electron beam, plasma jet, friction and electric discharge were all tried, but the end a YAG solid-state pulsed laser proved the best.

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Evaluation of plastic mouldings

ACCORDING TO the Production Engineering Research Association (PERA), high-performance mouldings from hot compression-formed thermoplastic sheet are replacing steel and aluminium components in a variety of applications, often with significant financial savings.

PERA says that large, thick section components can be produced in much shorter cycle times than by injection moulding and there is less likely to be distortion on mould ejection.

The Association has evaluated polypropylene, polycarbonate, PVC, ABS, and glass fibre-filled polypropylene and all have produced high-quality components with on-line calibrations and analyses performed to either narrow- or broad molecular weight distribution standards.

The system works with Varian's 5000 Series HPLC instruments and three types of column for organic-solvent soluble polymers, aqueous-solvent soluble bio-polymers and water-soluble synthetic polymers, respectively, enabling a wide range of polymer analyses to be carried out quickly and accurately.

COMMODITIES AND AGRICULTURE

U.S. may lift French barley duty

WASHINGTON — The U.S. International Trade Commission (ITC) decided by a four-to-one vote that domestic producers would be unharmed if the Commerce Department decided to end an order which imposes duties on imports of barley from France.

The commission had undertaken a review of an existing duty order at the Commerce Department's request. The department was reviewing the countervailing duty and will decide soon whether to revoke it.

The U.S. has imported no barley from France since 1970 so the existing duty is unnecessary, the commission noted.

Meanwhile, U.S. Agriculture Secretary John Block said increased exports of subsidised wheat by the EEC cost U.S. farmers 30 cents a bushel on their wheat crops last year. These losses equated to a reduction in net U.S. farm income of \$1.7bn, Mr Block told the House agriculture committee.

Mr Block said unless the Soviet Union took extreme steps, contracts for grain sales to the USSR would be honoured in the future.

He was answering questions from farm-state congressmen concerned that grain exporters may be reluctant to enter sales with the USSR because of the uncertainty over the Administration's policy toward the Soviet Union.

U.S. trade representative Bill Brock, who also testified at the hearing, disputed the idea that the Administration has already imposed a *de facto* embargo on grain sales to the USSR.

In Buenos Aires the Soviet Union is reported to have bought about 700,000 tonnes of maize, 300,000 tonnes of sorghum and 100,000 tonnes of soybeans in Argentina recently.

These latest purchases would bring Soviet maize buying to about 4m tonnes, compared with the 3m tonnes Argentina is committed to supply each year under a bilateral agreement in force.

Argentine grain exporters are believed to be preparing to offer credit to a Soviet trade team arriving soon to ensure smooth sales of the remaining maize and sorghum.

The Soviet Union is said to be asking for six-month credit but grain exporters may not be able to offer such a long term for payment.

Reuter

Tin under more selling pressure

BY JOHN EDWARDS, COMMODITIES EDITOR

TIN PRICES came under renewed pressure on the London Metal Exchange yesterday following heavy selling, reported to be on behalf of the group which previously pushed values to record levels. Cash tin closed £75 down at £6.850 a tonne, its lowest point since mid-July when the group, believed to be acting on behalf of producers, started its support buying programme that took cash tin to a peak of nearly £9,000 only a month ago.

As expected the London Metal Exchange formally removed yesterday the maximum back-wardation limit of £120 a tonne on cash tin imposed last month when it was feared that some dealers might not be able to honour their sales commitments as a result of the group holding the bulk of available supplies.

Now the group is apparently selling strongly, especially three months tin which fell by £180 yesterday to £6,945 a tonne. At one stage last month cash tin was at a premium of over £1,000, yesterday it was down to under £100. The narrowing of the gap between cash and three months tin has made some traders wonder whether the group is

planning another change of tactics.

It is argued that once the buffer stock of the International Tin Council has bought up the surplus supplies, possibly triggering off the introduction of export quotas, the group would then be in a powerful position to re-establish control of the market.

The decision of this week's Tin Council meeting to call up extra funds for the buffer stock should result in it having a further £108m altogether — £57m from producers and £21m from consumers. The buffer stock was authorised to enter into forward contracts one month beyond the expiry of the current Tin Agreement on June 30; this will enable the buffer stock to continue buying three months tin during April before the next meeting of the Tin Council when producers will press hard for export controls, if the buffer stock holds more than 5,000 tonnes of tin.

Domestic USSR production this year is expected to cover only about 50 per cent of Soviet sugar needs. A large proportion of the estimated 6m to 6.5m it will need to import will come from Cuba but 3m to 3.5m is still likely to be required from the world market, FIRS said.

A "fair standard" was the objective set by the Treaty of Rome. But in a study growing with political and economic issues, the European Commission has found that at the end of last year real farm incomes in all member states apart from Italy, the Netherlands and Belgium were either at or below their 1974 levels. In Germany, they were only 79 per cent, France 76 per cent and the UK 74 per cent of 1974 levels.

French trade estimates of likely Russian buying vary between 100,000 and 300,000 tonnes. In contrast to earlier purchases, most of this is expected to take the form of white sugar.

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Those whose favourite pastime is bashing the Common Agricultural Policy for its production surpluses may be missing the target. The surpluses, which are everyone's, seem likely to be symptoms of a far more serious weakness — the CAP's growing inability to generate a fair standard of living for the majority of the Community's farmers and employees.

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Russia may buy more sugar soon

By Our Commodities Staff

THOSE WHOSE favourite pastime is bashing the Common Agricultural Policy for its production surpluses may be missing the target. The surpluses, which are everyone's, seem likely to be symptoms of a far more serious weakness — the CAP's growing inability to generate a fair standard of living for the majority of the Community's farmers and employees.

The French Sugar Market Intervention and Regulation Fund (FIRS) said in its latest monthly bulletin that the USSR had bought about 3m tonnes of sugar since last October. Most of the purchases, which are everyone's, seem likely to be symptoms of a far more serious weakness — the CAP's growing inability to generate a fair standard of living for the majority of the Community's farmers and employees.

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The French Sugar Market Intervention and Regulation Fund (FIRS)



FT SHARE INFORMATION SERVICE

FOOD, GROCERIES—Cont.

Stock	Price
High	Low
Rowdewell's 50s	142
Sainsbury's	164
Scampi 10s	125
Scampi 20s	125
Scampi 50s	153
Scampi 100s	153
Scampi 120s	153
Scampi 150s	153
Scampi 200s	153
Scampi 250s	153
Scampi 300s	153
Scampi 350s	153
Scampi 400s	153
Scampi 450s	153
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FINANCIAL TIMES

Thursday March 11 1982

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NEWPORT

For details of industrial development sites
contact Steve White,
Dept FT, The Civic Centre, Newport, Gwent,
Tel: (0633) 65491.

AUEW might aid independent candidate

BY PHILIP BASSETT, LABOUR CORRESPONDENT

LEADERS of the Amalgamated Union of Engineering Workers are considering the unprecedented step of providing financial support for a Parliamentary candidate outside the ranks of the Labour Party.

The AUEW engineering section, Labour's second largest affiliated union, may maintain its sponsorship of Mr Ben Ford, Labour member for Bradford North if he fails to be re-selected as the party's candidate and then decides to stand as an independent Labour candidate in the constituency. Mr Ford has been rejected once by the local party in

favour of Mr Pat Wall, a supporter of the party's Militant tendency. Mr Ford will, however, have the chance to stand again, since the party's organisation sub-committee has recommended that the selection procedure be re-run. Local party activists believe Mr Wall would be chosen again.

Moderate AUEW leaders, opposed to Militant and its tactics in the constituencies, are prepared to risk the divisions in the party by supporting an independent Labour candidate against an official party nominee.

Mr Terry Duffy, AUEW presi-

dent, said yesterday: "It would certainly cause tremendous problems for the AUEW and the whole of the trade union movement generally. But if people expect that the trade union movement will continue giving money to a party which is discrediting trade union members then we had better think again."

Mr Ford said last night he had received no official communication from the AUEW informing him of continued support as an independent. He thought, however, that it would be a likely proposition that the AUEW would support me, provided I was willing to

apply for the Parliamentary Labour Party whip and support Labour policies."

Mr Ford has assured AUEW that he would not join the Social Democratic Party if he was returned as an independent. The AUEW would not countenance continuing its sponsorship if he joined the SDP.

The AUEW has made it clear to the local Labour Party in Bradford that it will not continue to support it financially if Mr Wall was selected as a candidate because of his support for Militant.

The AUEW is due to pay £1,875 this year to the local

party contribution to employing a full-time agent for the three Bradford constituencies. A similar sum is also paid by the shipworkers' union, which sponsors Mr Tom Troney, Labour MP for Bradford South.

The prospect of the AUEW

putting its funds behind a non-

Labour Party candidate — and

the possibility of other unions

such as the electricians follow-

ing suit — could encourage

action against the Militant

AUEW's consideration of the

move could also be taken as a

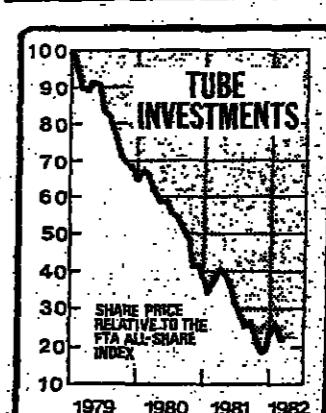
challenge to the party to re-

select Mr Ford.

THE LEX COLUMN

Musical chairs in gilt-edged

Index fell 1.3 to 559.5



The financial markets had some sharp adjustments to make yesterday as a result of the Budget measures, most strikingly in the existing index-linked gilt-edged stocks. These moved onto a sharply lower yield basis as net investors came into the reckoning—which yesterday brought a 10 point rise in prices. Conventional long-dated stocks rose a couple of points, and generally held their gains, even after issue of five £100m tranches of stocks maturing in the early 1990s. The losses on the gilt-edged pitch were the low-coupon issues for high taxpayers, which fell back in the face of index-linked competition, while equities — especially bank shares — were dull.

The Bank of England dropped its dealing rates in the bill market far enough both to satisfy the discount houses' aspirations and to suggest official approval for a half point base rate cut. But there was not a squeak out of the clearers, unless one of them moved this morning the building societies will have to take an interest rate decision all on their own.

Continuing money market shortages are keeping the seven-day rate high enough to threaten a bank that moves too far—or even too soon—with active interest rate arbitrage.

In the latest of a series of

changes the UK investment

trust business, Great Northern

announced yesterday that it

would exchange its shares for

RIT's shares on a formula based on net asset values on the day when the deal became unconditional.

The stock market value of the enlarged group would be more than £150m.

The new company will be called RIT and Northern. Mr Rothschild will be executive chairman. RIT changed its name from Rothschild Investment Trust in 1980, after a public split between Mr Rothschild and his cousin Mr Evelyn de Rothschild, chairman of N. M. Rothschild and Sons, the London merchant bank.

The deal could end the direct relationship between RIT and Mr Saul Steinberg, the controversial US financier, whose Reliance Group owns a fifth of RIT's shares. Great Northern is offering to buy up a quarter of RIT's shares for cash at a price equal to 80 per cent of its net asset value. Reliance is proposing to take this cash option.

The US company will, however, keep a minority shareholding in RIT's subsidiaries, Target Life Assurance and Target Trust Managers.

Shares in Great Northern fell 6p to 136p yesterday. RIT shares rose 4p to 355p.

Creating a sizeable investment.

Page 26

RIT agrees £255m deal with Great Northern

By Richard Lambert

GREAT Northern Investment

Trust is merging with RIT, the

investment trust run by Mr

Jacob Rothschild. The move will

create an investment group with

total assets of about £255m.

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Page 26

Mitterrand orders tight rein on spending to cut deficit

BY DAVID WHITE IN PARIS

the deficit of about 3 per cent of gross domestic product. This entails keeping it to FFr 125bn at the most next year. Some experts believe the deficit will come close to this level in the current year.

The Elysée Palace said M. Mitterrand also told his ministers that creating new jobs was to be their sole spending priority in 1983 budget plans, implying that other parts of the government programme might have to be delayed.

He called for rigorous selectivity in allotting new expenditure and for a re-examination of items already in this year's budget.

M. Fabius first warned the President about the risk of runaway spending in December.

The Government has left itself some leeway in this year's budget, aiming at a deficit of about 2.6 per cent, well within the 3 per cent limit.

M. Mitterrand said yesterday that the budget deficit should no get in the way of companies' financing requirements.

civil service pay structure,

financing of the recent Franco-

Algerian gas deal, higher sub-

sidies to state companies and the

costs of social security charges

in the textile industry.

threatened to push up this ceiling

considerably.

Projected tax revenue could

be reduced if economic growth

falls below the 3 per cent plus

the Government is aiming at.

In a report on France last

month, the Organisation for

Economic Co-operation and

Development forecast that

growth would be nearer 2.5 per

cent because of industry's re-

luctance to invest.

Finance Ministry officials

have shown concern about the

possibility of the corporate

sector being crowded out of

the domestic capital market by

Government borrowings.

M. Mitterrand said yesterday

that the budget deficit should

not get in the way of

companies' financing requirements.

United Technologies and British Aerospace will jointly seek an order which would be worth up to £1bn from the US Army for the Rapier, especially for use with the Rapid Deployment Force.

British Aerospace already has agreements with McDonnell Douglas on the development of the AT-3B Advanced Harrier fighter for the US Marine Corps and the Hawk trainer for the US Navy. The Rapier agreement follows the sale of the missile to the US Air Force for the defence of its bases in the UK.

The Rapier is being developed further to meet expected threats from enemy aircraft through to the end of the century and beyond.

Norden Systems, a subsidiary of United Technologies, produces a range of military electronic, space and propulsion systems for the US and other Governments.

Corps and the Hawk trainer for the US Navy. The Rapier agreement follows the sale of the missile to the US Air Force for the defence of its bases in the UK.

The British Telecom figure for expenditure in the UK on fixed assets (excluding working capital) stands at £1.89bn in the current year. Provision is made for it to rise to £2.38bn next year (which is expected to include the private sector Telecom Bond of up to £150m). In 1983-84 it is budgeted for £2.72bn and for 1984-85 £2.96bn.

It is the largest increase for any nationalised industry, whose total UK capital requirements are estimated to go up from £6.5bn in the current year to £9.9bn by 1984-85.

These figures have been based on the Treasury's planning assumptions about inflation and on the industry's own development plans.

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